

*Extra cost  
spent Bob Glavin  
by Ltr 8/28 1-24 57  
SA 100-12504*

# APPENDIX I

## A. Items to be furnished by Contractor.

The Contractor will be paid a total price of \$1,668,910., subject to the provisions of Section I of this Schedule, entitled "Price Redetermination", for performance of the services and furnishing the supplies set forth under Items 1 - 51.



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## SCHEDULE

### SECTION A - PRICE AND PAYMENTS

In consideration of the Contractor's performance of the contract work, the total price of this contract, subject to the provisions of the section of this Schedule entitled "Price Redetermination," is the price set forth in the attached Appendix I, such Appendix I being a part of the Schedule under this contract. Payments under this contract shall be made in accordance with the applicable payment clause of the General Provisions.

### SECTION B - CONTRACT WORK

The listing of articles and services to be furnished by the Contractor to the Government and a description of the contract items and specifications in connection therewith are contained in Appendix I hereto. The aforementioned listing, as from time to time revised pursuant to the Changes clause of the General Provisions, shall constitute the contract work to be performed hereunder by the Contractor.

### SECTION C - DELIVERY

The Contractor shall perform the services and shall deliver to the Government the articles and items stipulated herein as soon as is practicable, with due attention to the schedule of deliveries as set forth in Appendix I hereto. Whenever the Contractor shall determine that the schedule of deliveries set forth in Appendix I cannot be met due to circumstances beyond the control of the Contractor, or for other good and valid reasons, the Contractor shall immediately so notify the Contracting Officer in order that action appropriate to the circumstances may be taken.

### SECTION D - REPORTS

Reports to be furnished by the Contractor to the Government in connection with the contract work are as follows:

1. Interim Reports:

(a) Technical Progress Reports

A brief monthly report indicating the state of the research, development and production called for by this contract as of the end of each calendar month; and a monthly projection, in chart form, of the anticipated dates of completion and delivery of the end items called for by this contract.

(b) Fiscal Progress Reports

A monthly summary statement of costs incurred under this contract, in such reasonable detail as may be required by the Contracting Officer, with a reconciliation of billings submitted and payments received under this contract. In addition, a monthly projection, in chart form, indicating a comparison of actual expenditures under this contract with the amount and rate of expenditures contemplated at the time of negotiation of the contract price and the establishment of delivery dates.

2. Final Reports:

(a) Final Technical Report

A final technical report upon completion of the contract work summarizing the technical and engineering aspects of the work, including (i) the submission of such final drawings, specifications, diagrams, descriptions, etc., as are deemed pertinent or necessary in connection with the evaluation and utilization of the end items delivered, (ii) any other pertinent information in connection with the research on and the development, production, testing and evaluation of the items produced and delivered hereunder, and (iii) such maintenance, training and similar manuals or handbooks required in connection with the use, servicing, upkeep of the end items delivered or required for training purposes.

(b) Final Fiscal Report

A final fiscal report in accordance with the requirements of the section of this Schedule entitled "Price Redetermination."

3. Other Reports:

Such other reports as are required from time to time or required prior to final payment hereunder by the General Provisions of this contract, by other sections of this Schedule, or by Appendices or Exhibits which are a part of this Schedule.

SECTION E - WAIVER OF REQUIREMENTS OF GENERAL PROVISIONS

Notwithstanding the requirements of any of the General Provisions of this contract to the contrary, whensoever the Contractor, in performance of the work under this contract, shall find that the requirements of any of the clauses of the General Provisions are in conflict with security instructions issued to the Contractor by the Contracting Officer or by his duly authorized representative for security matters, the Contractor shall call the attention of the Contracting Officer to such conflict and the Contracting Officer or his duly authorized representative for security matters shall (i) modify or rescind such security requirements or (ii) the Contracting Officer shall issue to the Contractor a waiver of compliance with the requirements of the General Provisions conflicting with such security requirements. Any waiver of compliance with the General Provisions of this contract issued by the Contracting Officer shall be in writing, except that the approval by the Contracting Officer of any subcontract issued hereunder by the Contractor shall be deemed to constitute approval of waiver of any clauses of the General Provisions in conflict with the stipulations of such subcontract.

SECTION F - SPECIAL SECURITY RESTRICTIONS

The Contractor shall not reveal (i) the specific nature or any details of the work being performed hereunder or (ii) any information whatsoever with respect to the department of the Government sponsoring this contract and the work thereunder except as the Contractor is directed or permitted to reveal such information by the Contracting Officer or by his duly authorized representative for security matters,

and notwithstanding any clause or section of this contract to the contrary. The Contractor shall not interpret any clause or section of this contract as requiring or permitting divulgence of such information to any person, public or private, or to any officer or department of the Government without the express consent of the Contracting Officer or his duly authorized representative for security matters.

#### SECTION G - LETTER CONTRACT SUPERSEDED

This is the Definitive Contract contemplated by the Letter Contract issued by the Government to the Contractor under date of 5 January 1955, and supersedes said Letter Contract. Work performed and payments made under said Letter Contract shall be deemed to be work performed and payments made under this Definitive Contract. The date of the Letter Contract shall govern for the determination of the priority status of this Definitive Contract. In the event of conflict between this Definitive Contract and said Letter Contract, this Definitive Contract shall prevail.

#### SECTION H - COLLATERAL COMMERCIAL CONTRACTUAL MECHANISMS

The Government may, from time to time, for reasons of security, issue to the Contractor collateral commercial contractual documents, such as commercial forms of purchase orders, or other authorizing documents, and the Government may make payment hereunder in normal commercial manner, or may make other arrangements with the Contractor utilizing standard commercial mechanisms, with appropriate notations to identify this contract with such collateral commercial contractual mechanisms. The Government warrants that any such commercial mechanisms issued to the Contractor will be within the scope of this contract and expenditures, obligations or commitments incurred by the Contractor by reason of such commercial mechanisms will be considered expenditures, obligations or commitments under this contract. The Contractor shall not identify such commercial mechanisms with this contract in its records or files and shall follow the instructions of the Contracting Officer or his duly authorized representative for security matters with respect to maintaining the individuality of the collateral commercial contractual mechanisms and the individuality of this contract.

## SECTION I - GOVERNMENT-FURNISHED PROPERTY LISTINGS

In accordance with the clause of the General Provisions entitled "Government-Furnished Property," the Government may from time to time furnish to the Contractor various items of equipment for use in performance of this contract. Exhibit I hereto is a part of this schedule and consists of a listing of Government-furnished property, equipment, supplies, or other material (i) furnished by the Government to the Contractor, (ii) returned by the Contractor to the Government, or (iii) still in possession of the Contractor. The Contractor shall maintain such Exhibit I current and up to date and shall periodically submit to the Contracting Officer revisions of such Exhibit I to reflect the revised status of Government-furnished items in possession of the Contractor. The Contractor shall account for all such items furnished to the Contractor at the conclusion of this contract.

## SECTION J - INSPECTION AND ACCEPTANCE

Inspection and acceptance of the items contracted for under this contract shall be made by the Government at the Contractor's plant, Norwalk, Connecticut, with respect to any items fabricated and/or assembled and packed as individual or integral units at the Contractor's plant. With respect to items fabricated and/or assembled and packed as individual or integral units at subcontractors' plants, the point of inspection and acceptance shall be at the plant of such subcontractor.

## SECTION K - PACKING OF ITEMS DELIVERED

The items delivered under this contract shall be packed for domestic shipment in accordance with standard commercial practices, except as otherwise specified in Appendix I hereto.



## **SECTION L - PRICE REDETERMINATION**

1. Because of the experimental and developmental nature of the work called for by this contract and the great uncertainty as to the cost of performance hereunder, the parties agree that the contract price may be increased or decreased in accordance with the provisions of this clause.

2. The contract target price set forth in Appendix I for delivery of the items listed therein is \$5,085,000, and such target price is composed of contract target costs of \$4,745,000 and a total contract target profit of \$340,000. However, in consideration of the circumstances set forth in subsection 1, above, upon expenditure of 75 percent of the contract target cost of \$4,745,000, the parties hereto agree to examine the costs incurred and the costs expected to be incurred in completion of the contract work and to negotiate in good faith to revise the contract target cost, or to establish a reasonable maximum contract price, or both. ✓

3. As soon as practicable after expenditure of the funds referred to above, the Contractor shall furnish to the Contracting Officer a statement showing in such form and detail as the Contracting Officer may prescribe, the Contractor's incurred and expected-to-be-incurred costs of producing the supplies or furnishing the services called for hereunder, together with such information as may be pertinent in the negotiations for a revised contract target cost or a maximum contract price pursuant to this section. Such statement of cost shall fairly reflect the normal operation of the Contractor's cost system.

4. Upon the filing of the statement and other pertinent information required by subsection 3, the Contractor and the Contracting Officer will promptly negotiate in good faith to agree upon a reasonable revised total contract target cost, or a reasonable maximum contract price, or both, PROVIDED, HOWEVER, That no revision need be made in the contract target cost of \$4,745,000 if it is agreed that such contract target cost is reasonable in the light of circumstances at the time. Any revision of the contract target cost, or the establishment of a maximum contract price, shall be evidenced by an amendment to this contract.

5. Within 60 days after the completion or termination of this contract, the Contractor will file with the Contracting Officer a

statement showing, in such form and detail as the Contracting Officer may prescribe, the Contractor's cost of producing the supplies or furnishing the services called for hereunder, together with such other information as may be pertinent in the negotiations for a revised final contract price. Such statement of cost shall fairly reflect the normal operation of the Contractor's cost system. The Contracting Officer shall have the right at all reasonable times to make or cause to be made such examinations and audits of the Contractor's books, records, and accounts as he may request.

6. Upon the filing of the statement and other pertinent information required by subsection 5, above, the Contractor and the Contracting Officer will promptly negotiate in good faith to agree upon a reasonable revised price for the entire contract which, upon the basis of such statement and other pertinent information, will constitute fair and just compensation to the Contractor for the performance of this contract. The revised price shall be evidenced by an amendment to this contract. In determining the extent of any estimated allowance for profit to be taken into account in fixing such revised price, consideration shall be given to the agreed upon target profit of \$340,000 at a target cost of \$4,745,000 and the extent to which the Contractor has performed the contract with efficiency, economy and ingenuity. In the event that the Contractor's actual costs of producing the supplies or furnishing the services hereunder exceed \$4,745,000, consideration shall be given to reducing the Contractor's target profit of \$340,000 and, in the event such actual costs are less than \$4,745,000, consideration shall be given to increasing the Contractor's target profit of \$340,000.

7. If, within 60 days after the filing of the statement and the furnishing of the other pertinent information required by subsection 5, above, the parties shall fail to agree upon a revised final price in accordance with the provisions of this Section L, the failure to agree shall be deemed to be a disagreement as to a question of fact which shall be disposed of in accordance with the clause of the contract entitled "Disputes."

8. Pending any revision of the contract costs pursuant to the provisions of this Section L, the Contractor may bill and receive payment in accordance with the item prices stated in Appendix I, upon delivery of any article or completion of any service called for therein. If at any time it appears that the final item price of any particular item or items will be substantially greater or less than the item price

at which such items are being billed, this contract may be amended to adjust such item billing prices. The establishment of adjusted prices for billing purposes only shall in no way limit or affect the final price revision to be computed in accordance with the provisions of this Section L. In addition, the Contractor may bill for progress payments hereunder, in accordance with the clause of this contract entitled "Progress Payments," provided billings hereunder are specific as to items hereunder which are being billed on a billing price basis and items, or phases, which are being billed on a progress payment basis.

9. If the final revised contract price, as determined under subsection 6, above, is greater than the aggregate of billing prices for items subject to price revision, as such billing prices may have been revised from time to time, and provided the Contractor has met the other requirements of this contract, the Contractor shall promptly be paid the amount of such excess. If such final revised contract price is less than the aggregate of such billing prices, provisions shall be made for prompt reimbursement by the Contractor to the Government of the amount of such deficiency. The total amount so payable and the method of payment shall be set forth in an amendment to this contract.

10. For any purposes of the clause of this contract providing for termination at the option or convenience of the Government (including without limitation, computation of "the total contract price" and "the contract price of work not terminated"), the contract price shall be the revised contract price agreed upon under subsection 6, of this Section L, or determined under subsection 7, of this Section L, as the case may be.

11. The Contractor agrees to maintain books, records, documents, and other evidence pertaining to the costs and expenses of this contract, in accordance with generally accepted commercial accounting principles and practices, and to the extent and in detail as is necessary for establishment of costs applicable to items of this contract subject to price revision. The Contractor shall segregate the costs of any item, charge, or service, the price of which is fixed and not subject to revision in accordance with the provisions of this Section L.

## APPENDIX I

ITEM NO.	DESCRIPTION	UNIT PRICE	TOTAL PRICE
1	Purchase of service, engineering and test facilities to proceed with tests in obtaining the failure point as a function of thickness for optical glass plates of the general type of BSC-2 or BK-7 as described in the Projector Division Technical Specification No. 1, dated January 10, 1955, and furnish a report of the findings of these tests.		\$ 6,593.
	Delivery - April 1, 1955		
2	Fabricate sixty-six (66) Type A windows per Perkin-Elmer Drawing 111-0907 for use with Configurations A-1 and A-2	348.	22,967.
	Delivery - four (4) 6-1-55 two (2) 7-1-55 six (6) 8-1-55 twelve (12) 9-1-55 twelve (12) 10-1-55 twelve (12) 11-1-55 twelve (12) 12-1-55 six (6) 1-1-56		
3	Fabricate thirty-three (33) Type B windows, per Perkin-Elmer Drawing 111-0908 for use with Configurations A-1 and A-2	439.	14,486.
	Delivery - two (2) 6-1-55 one (1) 7-1-55 three (3) 8-1-55 six (6) 9-1-55 six (6) 10-1-55 six (6) 11-1-55 six (6) 12-1-55 three (3) 1-1-56		
4	Fabricate seven (7) Type C windows, per Perkin-Elmer Drawing 111-0909 for use with Configuration B.	324.	2,268.
	Delivery - one (1) 8-15-55 one (1) 10-1-55 one (1) 11-1-55 one (1) 12-1-55 one (1) 1-1-56 two (2) 2-1-56		

- 5 Fabricate fourteen (14) Type D windows, per Perkin-Elmer Drawing 111-0910 for use with Configuration B 329. 4,605.
- Delivery - two (2) 8-15-55  
two (2) 10-1-55  
two (2) 11-1-55  
two (2) 12-1-55  
two (2) 1-1-56  
four (4) 2-1-56
- 6 Fabricate fourteen (14) Type E windows per Perkin-Elmer Drawing 111-0911 for use with Configuration B 255. 3,570.
- Delivery - two (2) 8-15-55  
two (2) 10-1-55  
two (2) 11-1-55  
two (2) 12-1-55  
two (2) 1-1-56  
four (4) 2-1-56
- 7 Fabricate fourteen (14) Type F windows, per Perkin-Elmer Drawing 111-0912 for use with Configuration B. 428. 5,992.
- Delivery - two (2) 8-15-55  
two (2) 10-1-55  
two (2) 11-1-55  
two (2) 12-1-55  
two (2) 1-1-56  
four (4) 2-1-56
- 8 Fabricate fourteen (14) Type G windows, per Perkin-Elmer Drawing 111-0966 for use with Configuration C 3,053. 42,742.
- Delivery - Two (2) September 15, 1955  
Two (2) December 1, 1955  
Two (2) January 1, 1956  
Two (2) February 1, 1956  
Two (2) March 1, 1956  
Two (2) April 1, 1956  
Two (2) April 15, 1956
- 9 Fabricate seven (7) Type H windows per Perkin-Elmer Drawing 111-0967 for use with Configuration C. 3,053. 21,370.
- Delivery - One (1) September 15, 1955  
One (1) December 1, 1955  
One (1) January 1, 1956  
One (1) February 1, 1956  
One (1) March 1, 1956  
One (1) April 1, 1956  
One (1) April 15, 1956
- Cancel 2 8*
- 12 7*

- 10 Provide engineering services to develop and furnish to the government a preliminary design layout of a Data Recording Camera as described in Projector Division Tech. Spec. No. 2 dated January 19, 1955, and Amendment No. 1, dated April 4, 1955 and revised May 6, 1955. \$ 37,010.  
Delivery - April 30, 1955
- 11 Provide engineering services to develop and furnish to the government an advanced engineering layout of Data Recording Camera from the preliminary design developed under Item 10. 35,214.  
Delivery - May 30, 1955
- 12 Construct, test and deliver a prototype of the Data Camera developed under Items 10 and 11. 43,886.  
Delivery - June 30, 1955
- 13 Provide the necessary facilities and services to assemble the first production unit of a Data Recording Camera but modified as indicated by the results of the prototype tests. 33,423.  
Delivery - July 15, 1955
- 14 Provide the necessary facilities and services to test, evaluate and deliver the first production unit of a Data Recording Camera. 16,768.  
Delivery - August 31, 1955
- 15 Furnish to the government a complete set of engineering drawings for the manufacture of a Data Recording Camera. 6,328.  
Delivery - September 30, 1955
- 16 Construct, test and deliver nineteen (19) Data Recording Cameras similar to the prototype developed under Item 12 but modified as indicated by the results of the prototype tests. 12,401.37 235,626.  
Delivery - One (1) 9-15-55  
One (1) 10-15-55  
One (1) 11-22-55  
One (1) 12-23-55  
Balance - four (4) per month  
from January, 1956 to April, 1956.

- 17 Provide four (4) spare parts kits each kit containing sufficient spare parts, service and operating instructions for the maintenance of five (5) Data Recording Cameras in accordance with the list of spare parts approved by Projector Division April 7, 1955. 3,060.50 12,242.
- Delivery - One kit (1) - August 31, 1955  
 One kit (1) - December 23, 1955  
 One kit (1) - February 1, 1956  
 One kit (1) - March 15, 1956
- 18 Provide engineering services to design and develop one Image Evaluation Device as described in Projector Division Tech. Spec. No. 3, Dated January 27, 1955. 15,188.
- Delivery - March 1, 1955
- 19 Submit an engineering technical report describing the operation and performance of the Image Evaluation Device developed under Item 18. 1,898.
- Delivery - May 1, 1955
- 20 Purchase the services of Dr. J. G. Baker and the Spica Corporation as consultants in the field of system engineering and optical design of the specific equipment required for the satisfactory performance of this program. 62,014.
- To be billed monthly.
- 21 Provide the necessary engineering services to design and develop a 36" f/10 Lens as described in Projector Division Tech. Spec. No. 4, dated February 10, 1955, and furnish to the government one copy of the final design. 6,742.
- Delivery - June 15, 1955
- 22 Construct, test and deliver a prototype of the 36" f/10 Lens designed under Item 21. 6,416.
- Delivery - July 1, 1955
- 23 Purchase the required quantities of LaK-9 and KzFS-4 optical glass including a sufficient overage of each type of glass to provide for breakage and damage to manufacture one prototype and six (6) production units of the 36" f/10 Lens designed under Item 21. 37,500.
- Delivery - June 1, 1955

- 24 Construct, test and deliver six (6) 36" f/10 Lenses similar to the prototype developed under Item 21 but modified, if necessary, as indicated by the results of the prototype tests. \$ 3,516.83 21,101.
- Delivery - One (1) 10-1-55  
One (1) 11-1-55  
One 12-1-55  
One (1) 1-1-56  
One (1) 2-1-56  
One (1) 3-1-56
- 25 Submit a complete engineering technical report of the performance of the prototype lens 528.
- Delivery - July 10, 1955
- 26 Provide the necessary engineering services to design and develop a Scanning Periscope as described in Projector Division Tech. Spec. No. 6, dated April 27, 1955, and the revisions thereof dated May 3, 1955 and May 25, 1955, and furnish to the government one copy of the final design. 53,162.
- Delivery - July 1, 1955
- 27 Construct, test and deliver a prototype of the Scanning Periscope containing the complex version of the handcontrol unit designed under Item 26. 34,074.
- Delivery - August 15, 1955
- 28 Provide the necessary Model Shop facilities to construct, test and deliver the first five (5) Scanning Periscopes with the simplified version of the handcontrol unit. 20,643.20 103,216.
- Delivery - Two (2) 9-15-55  
One (1) 10-1-55  
Two (2) 11-1-55



- 29 Construct, test and deliver five (5) Scanning Periscopes each containing the complex version of the hand control unit for use with the Computer and Memory unit being designed & developed under Item 32 but modified, if necessary, as indicated by the results of the prototype tests. 17,636. 88,180.
- One (1) - 1-1-56  
One (1) - 2-1-56  
One (1) - 3-1-56  
Two (2) - 4-1-56
- 30 Construct, test and deliver ten (10) Scanning Periscopes each containing the simplified version of the hand control unit but modified, if necessary as indicated by the results of the prototype tests. 16,479.40 164,794.
- Delivery - Two (2) 12-1-55  
One (1) 1-1-56  
One (1) 2-1-56  
One (1) 3-1-56  
Two (2) 5-1-56  
Two (2) 6-1-55  
One (1) 7-1-56
- 31 Provide four (4) spare parts kits, each kit containing sufficient spare parts in accordance with good commercial practice, for the maintenance of five (5) Scanning Periscopes. 1,582. 6,328.
- Delivery - One (1) 9-15-55  
One (1) 12-1-55  
One (1) 2-1-56  
One (1) 5-1-56
- 32 Provide engineering services to design and develop a mechanical Computer & Memory unit as described in Projector Project Tech. Spec. No. 7, Revision A, dated 4-20-55, and furnish to the government one copy of the final design. 32,988.
- Delivery - August 1, 1955
- 33 Construct test and deliver one (1) prototype and five (5) production units of the Computer & Memory unit designed under Item 32. 4,626.83 27,761.
- Delivery - Prototype 8-1-55  
One (1) 1-1-56  
One (1) 2-1-56  
One (1) 3-1-56  
Two (2) 4-1-56

- 34 Provide five (5) spare parts kits, each kit containing spare parts, service & operating instructions, and a small complement of special gauges & standard tools, for the maintenance of each computer & memory unit delivered. 510.40 2,552.
- Delivery - One (1) 1-1-56  
One (1) 2-1-56  
One (1) 3-1-56  
Two (2) 4-1-56
- 35 Provide engineering services to test eighty-five (85) 24" f/6 Lenses which will be furnished to Perkin-Elmer, and select forty (40) lenses according to the Projector Division Tech. Spec. No. 5 dated February 21, 1955, and prepare and deliver to the government a technical report on the performance of the selected lenses. 24,362.
- Delivery - June 1, 1955
- 36 Provide the necessary facilities and services to disassemble the forty (40) lenses selected under Item 35 and rework the optical elements to the specifications provided by Dr. J. G. Baker, then reassemble, test, calibrate and deliver each lens. 387.60 15,504.
- Delivery - Six (6) 8-1-55  
Eight (8) 9-1-55  
Ten (10) 10-1-55  
Ten (10) 11-1-55  
Six (6) 12-1-55
- 37 Provide the necessary services and facilities to test, select and rework forty (40) sets of red & yellow filters for the selected 24" f/6 lenses. 110.75 4,430.
- Delivery - One red and one yellow filter is to be delivered with each lens.
- 38 Provide engineering services to design & develop a 24" f/8 Lens as described in Projector Division Technical Specification No. 8, dated February 23, 1955. 6,200.
- Delivery - June 1, 1955
- 39 Construct, test & deliver a prototype of the 24" f/8 Lens designed under Item 38. 8,350.
- Delivery - August 1, 1955

40 Purchase the required quantities of LaK-9 and KzFS-4 optical glass including a sufficient overage of each type of glass to provide for breakage and damage to manufacture one prototype and forty (40) production units of the 24" f/8 Lens designed under Item 38. 62,150.

Delivery - June 1, 1955

41 Construct, test and deliver forty (40) 24" f/8 Lenses in shipping barrels similar to the prototype developed under Item 39 but modified, if necessary, as indicated by the results of the prototype tests. 817. 32,680.

Delivery - Eleven (11) 8-15-55  
Eleven (11) 9-15-55  
Eleven (11) 10-15-55  
Seven (7) 11-15-55

42 Submit an engineering technical report of the performance of the prototype lens developed under Item 39. 528.

Delivery - July 22, 1955

43 Provide engineering services to design and develop the fused quartz mirrors and mounts listed below as described in Projector Division Tech. Spec. No. 14 dated February 23, 1955. 17,971.

- 1) 19.5" O.D.C.A. Elliptical mirror with a finished thickness of two (2) inches.
- 2) 18.5" O.D.C.A. Mirror with a central hole and a finished thickness of two (2) inches.
- 3) 17" O.D.C.A. Mirror with a spherical surface and a finished thickness of two (2) inches.
- 4) 8" O.D.C.A. Mirror with a finished thickness of 0.3"
- 5) 6" O.D.C.A. Mirror with a finished thickness of 0.6"

Delivery - August 1, 1955

44 Purchase the required material and tooling, both optical and mechanical for the fabrication of the fused quartz mirrors and mounts designed under Item 43. 27,780.

Delivery - August 1, 1955

45

Construct, Test and deliver the quantities listed below of the fused quartz mirrors and mounts designed under Item 43.

59,800.

- 1) Six (6) mounts and elliptical mirrors with a 19.50" O.D.C.A. and a finished thickness of 2".

Delivery - One (1) 8-1-55      One (1) 12-1-55  
                   One (1) 9-1-55      One (1) 1-1-56  
                   One (1) 11-1-55      One (1) 2-1-56

- 2) Six (6) mounts and mirrors with a central hole having an 18.5" O.D.C.A. and a finished thickness of 2".

Delivery - One (1) 8-15-55      One (1) 12-15-55  
                   One (1) 10-15-55      One (1) 1-15-56  
                   One (1) 11-15-55      One (1) 2-15-56

- 3) Six (6) mounts and spherical mirrors having a 17.0" O.D.C.A. and a finished thickness of 2".

Delivery - One (1) 8-15-55      One (1) 12-15-55  
                   One (1) 10-15-55      One (1) 1-15-56  
                   One (1) 11-15-55      One (1) 2-15-56

- 4) Six (6) mounts and mirrors having an 8" O.D.C.A. and a finished thickness of 0.8".

Delivery - One (1) 8-15-55      One (1) 12-15-55  
                   One (1) 10-15-55      One (1) 1-15-56  
                   One (1) 11-15-55      One (1) 2-15-56

- 5) Six (6) mounts and mirrors having a 6" O.D.C.A. and a finished thickness of 0.6".

Delivery - One (1) 8-15-55      One (1) 12-15-55  
                   One (1) 10-15-55      One (1) 1-15-56  
                   One (1) 11-15-55      One (1) 2-15-56

46

Provide engineering services to develop the mechanical design for the 114" f/16 optical system as described in Projector Division Tech. Spec. No. 9, dated April 18, 1955.

30,724.

Delivery - September 1, 1955

- 47 Construct, test and deliver five (5) 144" f/16 optical systems as designed under Item 46. 11,018.40 55,092.
- Delivery - One (1) 10-15-55  
               One (1) 1-1-56  
               One (1) 2-1-56  
               One (1) 3-1-56  
               One (1) 4-1-56
- 48 Construct, test and deliver parts for one system as designed under Item 46. Minor assemblies are to be delivered assembled and all parts are to be packaged for domestic shipment and storage. 6,328.
- Delivery - April 1, 1956
- 49 Provide five (5) spare parts kits each kit containing spare parts, special tools and gauges, and a reasonable complement of common instrument maintenance tools for each system delivered under Item 47. 1,021.60 5,108.
- Delivery - One (1) 10-15-55  
               One (1) 1-1-56  
               One (1) 2-1-56  
               One (1) 3-1-56  
               One (1) 4-1-56
- 50 Provide twenty (20) copies of an operating and maintenance manual for the 144" f/16 optical system. 56.15 1,123.
- Delivery - Four (4) 10-15-55  
               Four (4) 1-1-56  
               Four (4) 2-1-56  
               Four (4) 3-1-56  
               Four (4) 4-1-56
- 51 Provide the necessary services and facilities to design and develop and deliver the optical test equipment required for the satisfactory performance of the optical components of the entire system being developed under this contract. 101,248.

*2008-02-23*  
*10:10:00*

## APPENDIX I

### B. Items to be furnished by Hycon Mfg. Co.

Descriptions of the items which follow are given in more detail in Hycon Mfg. Co. "Aerial Surveying Equipment Proposal, 14 May 1955" than under the Hycon Code numbers listed below. Such detailed item descriptions are hereby incorporated in this contract by reference and are made a part hereof.

Hycon Mfg. Co. will be paid a total price of \$3,161,090., subject to the provisions of Section L of this Schedule, entitled "Price Redetermination" for performance of the services and furnishing the supplies set forth under Items 52 - 183.

Item No.	Hycon Code	DESCRIPTION	Unit Price	Total Price
52	1.01	Preliminary System Planning & Engineering from inception of work to January 31, 1955. Delivery - February 1, 1955		23,821.
53	1.02	Facilities Preparation & Modification Delivery - June 30, 1955		39,865
54	1.2.1.1	Design of Phase I of HR-731 Reconnaissance Camera, 24", 9x18" Delivery - June 30, 1955		10,529.
55	1.2.1.1	Deliver first article of HR-731 Reconnaissance Camera, 24" 9x18" Delivery - July 1, 1955		4,115.40
56	1.2.1.1	Deliver thirty-five (35) production units of HR-731 Reconnaissance Camera, 24", 9x18" Delivery - Three (3) July 31, 1955 Four (4) August 31, 1955 Ten (10) September 30, 1955 Ten (10) October 31, 1955 Eight (8) November 30, 1955	3,429.	120,015.
57	1.2.2.1	Deliver one hundred and eight (108) production units of the HS-731 Shutter, 24" f/8, spare Delivery - Six (6) September 30, 1955 Ten (10) October 31, 1955 Twelve (12) November 30, 1955 Forty (40) December 31, 1955 Forty (40) January 31, 1956	242.	26,136.
58	1.2.1.2	Design of Phase I of HC-730 Cartographic Camera 6", 9x9" Delivery - May 30, 1955		7,733.
59	1.2.1.2	Deliver first article of HC-730 Cartographic Camera 6", 9x9" Delivery - June 30, 1955		2,926.
60	1.2.1.2	Deliver Twenty-six (26) production units of HC-730 Cartographic Camera 6", 9x9" as follows: 1) Eleven (11) units less lens 2) Fifteen (15) units with lens Delivery - Two (2) June 30, 1955 Three (3) July 31, 1955 Three (3) August 31, 1955 Six (6) September 30, 1955 Twelve (12) October 30, 1955	2,438. 4,184.	26,818. 62,760.

61	1.2.1.2	Deliver eight-one (81) production units of HS-730 Shutter, drawer type, Planigon, f/8 spare	189.	15,309.
		Delivery - Three (3) August 31, 1955 Eighteen (18) September 30, 1955 Thirty-eight (38) October 31, 1955 Twenty-two (22) November 30, 1955		
62	1.2.3.1	Design of Phase I of HM-731 Magazine Reconnaissance 10 $\frac{1}{4}$ Spool, 9x18"		7,077.
		Delivery - May 30, 1955		
63	1.2.3.1	Deliver first article of HM-731 Magazine Reconnaissance 10 $\frac{1}{4}$ Spool, 9x18"		1,087.
		Delivery - June 30, 1955		
64	1.2.3.1	Deliver seventy-one (71) production units of HM-731 Magazine Reconnaissance 10 $\frac{1}{4}$ Spool 9x18" 906.		64,326.
		Delivery - Three (3) July 31, 1955 Nine (9) August 31, 1955 Thirty (30) September 30, 1955 Twenty-nine (29) October 30, 1955		
65	1.2.3.3	Design of Phase I of HM-730 Magazine, Cartographic 390', 9x9"		9,436.
		Delivery - May 30, 1955		
66	1.2.3.3	Deliver first article of HM-730 Magazine Cartographic 390', 9x9"		1,438.
		Delivery - May 30, 1955		
67	1.2.3.3	Deliver fifty-three (53) production units of HM-730 Magazine, Cartographic 390', 9x9"	1,198.	63,494.
		Delivery - Ten (10) July 31, 1955 Thirty (30) August 30, 1955 Thirteen (13) September 30, 1955		
68	1.2.4.1	Design of Phase I of the Rocking Mount A1 for HR-731 Reconnaissance Camera		18,530.
		Delivery - May 30, 1955		
69	1.2.4.1	Deliver first article of the Rocking Mount A-1 for HR-731 Reconnaissance Camera		14,968.
		Delivery - July 31, 1955		



70.	1.2.4.1	Deliver eight (8) production units of Rocking Mount A1 for HR-731 Reconnaissance Camera	12,473.	99,784.
		Delivery - One (1) September 30, 1955 One (1) October 31, 1955 One (1) November 30, 1955 One (1) December 31, 1955 One (1) January 31, 1956 One (1) February 28, 1956 One (1) March 31, 1956 One (1) April 30, 1956		
71	1.2.4.3	Design of Phase I of the Fixed Mount A2 for HR-731 Reconnaissance Camera		3,167.
		Delivery - May 30, 1955		
72	1.2.4.3	Deliver first article of Fixed Mount A2 for HR-731 Reconnaissance Camera		8,290.
		Delivery - July 31, 1955		
73	1.2.4.3	Deliver eight (8) production units of Fixed Mount A2 for HR-371 Reconnaissance Camera	6,908.	55,264.
		Delivery - One (1) October 31, 1955 One (1) November 30, 1955 One (1) December 31, 1955 One (1) January 31, 1956 One (1) February 28, 1956 One (1) March 31, 1956 One (1) April 30, 1956 One (1) May 31, 1956		
74	1.2.4.7	Design of Phase I of Fixed Mount for HC-730 Cartographic Camera		4,313.
		Delivery - May 30, 1955		
75	1.2.4.7	Deliver first article of Fixed Mount for HC-730 Cartographic Camera		884.
		Delivery - July 31, 1955		
76	1.2.4.7	Deliver eight (8) production units of Fixed Mount for HC-730 Cartographic Camera	737.	5,896.
		Delivery - One (1) September 30, 1955 One (1) October 31, 1955 One (1) November 30, 1955 One (1) December 31, 1955 One (1) January 31, 1956 One (1) February 28, 1956 One (1) March 31, 1956 One (1) April 30, 1956		

77	1.2.5.1	Design of Phase I of the Programmer.		15,144.
		Delivery - June 30, 1955		
78	1.2.5.1	Deliver first article of the Programmer		3,377.
		Delivery - July 31, 1955		
79	1.2.5.1	Deliver nineteen (19) production units of the Programmer.	2,814.	53,466.
		Delivery - One (1) July 31, 1955		
		Two (2) September 30, 1955		
		Six (6) October 31, 1955		
		Ten (10) November 30, 1955		
80	1.2.7	Assembly and system test of first article of A-1.		21,110.
		Delivery - August 31, 1955		
81	1.2.7	Assembly & test of eight (8) production units of A-1.	7,030.	56,240.
		Delivery - One (1) October 31, 1955		
		One (1) November 30, 1955		
		One (1) December 31, 1955		
		One (1) January 31, 1956		
		One (1) February 28, 1956		
		One (1) March 31, 1956		
		One (1) April 30, 1956		
		One (1) May 31, 1956		
82	1.2.7	Assembly and system test of first article of A-2.		9,317.
		Delivery - August 31, 1955		
83	1.2.7	Assembly & system test of eight (8) production units of A-2.	6,567.	52,536.
		Delivery - One (1) November 30, 1955		
		One (1) December 31, 1955		
		One (1) January 31, 1956		
		One (1) February 28, 1956		
		One (1) March 31, 1956		
		One (1) April 30, 1956		
		One (1) May 31, 1956		
		One (1) June 30, 1956		
84	1.2.7.1	Design of Phase I of Shipping Containers for A-1 and A-2.		5,005.
		Delivery - June 30, 1955		

85	1.2.7.1	Deliver first article of Shipping Containers for A-1 and A-2.		5,522.
		Delivery - July 31, 1955		
86	1.2.7.1	Deliver seventeen (17) production units of Shipping Containers for A-1 and A-2.	4,602.	78,234.
		Delivery - Two (2) September 30, 1955		
		Two (2) October 31, 1955		
		Two (2) November 30, 1955		
		Two (2) December 31, 1955		
		Two (2) January 31, 1956		
		Two (2) February 28, 1956		
		Two (2) March 31, 1956		
		Two (2) April 30, 1956		
		Two (2) May 31, 1956		
87	1.3.7	Deliver three hundred and twenty four (324) production units of the A-9B Film Spools	4.52	1,464.48
		Delivery - Ten (10) May 30, 1955		
		Three hundred & fourteen (314)		
		July 31, 1955		
88	1.3.7	Deliver four hundred & eight (408) production units of the A-8B Film Spools	7.89	3,219.12
		Delivery - Ten (10) May 30, 1955		
		Three hundred & ninety-eight (398)		
		July 31, 1955		
89	2.0- 2.3.4.2	Design of Phase I of the Large Format Intermediate Focal Length Camera		36,539.
		Delivery - July 31, 1955		
90	2.0- 2.3.4.2	Deliver first article of Large Format Intermediate Focal Length Camera		90,556.
		Delivery - August 31, 1955		
91	2.0- 2.3.4.2	Deliver four (4) production units of Large Format Intermediate Focal Length Camera	75,463.	301,852.
		Delivery - One(1) November 30, 1955		
		One (1) December 31, 1955		
		One (1) January 31, 1956		
		One (1) February 28, 1956		
92	2.0- 2.3.4.2	Deliver one (1) unassembled unit of Large Format Intermediate Focal Length Camera		70,313.
		Delivery - March 31, 1956		

93	2.3.3	Design of Phase I of the Model 73B Shutter		13,974.
		Delivery - June 30, 1955		
94	2.3.3	Deliver first article of Model 73B Shutter	635.	635.
		Delivery - August 31, 1955		
95	2.3.3	Deliver five (5) production units of Model 73B Shutter	529.	2,645.
		Delivery - Two (2) September 30, 1955 Three (3) October 31, 1955		
96	2.3.3.1	Deliver eighteen (18) spare Model 73B Shutters	529.	9,522.
		Delivery : Two (2) October 31, 1955 Five (5) November 30, 1955 Five (5) December 31, 1955 Six (6) January 31, 1956		
97	2.3.4.2.1	Deliver thirty (30) Spare Cassettes (Dual Spool Spares)	1,228	36,840.
		Delivery - Ten (10) June 30, 1955 Five (5) September 30, 1955 Ten (10) October 31, 1955 Five (5) November 30, 1955		
98	2.3.4.2.2	Deliver two hundred & sixteen (216) Spare Spools (22x9 $\frac{1}{2}$ " Spool Spares)	53.	11,448.
		Delivery - Three (3) June 30, 1955 Forty-eight (48) August 31, 1955 One hundred & sixty-five (165) September 30, 1955		
99	2.3.7	Design of Phase I of the Programmer		1,952.
		Delivery - June 30, 1955		
100	2.3.7	Deliver first article of the Programmer		2,653.
		Delivery - August 31, 1955		
101	2.3.7	Deliver eight (8) production units of the Programmer	2,211.	17,688.
		Delivery - Two (2) October 31, 1955 Six (6) November 30, 1955		
102	2.3.8	Design of Phase I of Mini-Vib Control (Incl. Par.3.5.3.2) (Ten (10) Spares)		20,456.
		Delivery - July 31, 1955		

103	2.3.8	Deliver first article of Mini-Vib Control (Incl. Par. 3.5.3.2) (Ten)(10) Spares	5,624.	5,624.
		Delivery August 31, 1955		
104	2.3.8	Deliver twenty-one (21) production units of Mini-Vib Control (Incl. Par. 3.5.3.2) (Ten (10) Spares)	4,687.	98,427.
		Delivery - Two (2) November 30, 1955 Four (4) December 31, 1955 Ten (10) January 31, 1956 Five (5) February 28, 1956		
105	2.3.10	Assembly in fixture (in plant) of first article of Configuration B		28,348.
		Delivery - September 30, 1955		
106	2.3.10	Assembly in fixture (in plant) of four pro- duction units of Configuration B	13,538.	54,152.
		Delivery - One (1) December 31, 1955 One (1) January 31, 1956 One (1) February 28, 1956 One (1) March 31, 1956		
107	2.6	Design of Phase I of Shipping & Storage Containers		992.
		Delivery - July 31, 1955		
108	2.6	Deliver first article of Shipping & Storage Containers		5,046.
		Delivery - August 31, 1955		
109	2.6	Deliver four (4) production units of Shipping and Storage Containers	4,205.	16,820.
		Delivery - One (1) November 30, 1955 One (1) December 31, 1955 One (1) January 31, 1956 One (1) February 28, 1956		
110	3.0 - 3.5.4.1	Design Study of Mirror Drive & Support for Large Format Long Focal Length Camera		7,500.
		Delivery - June 30, 1955		
111	3.5.4.2- 3.5.8.1	Design of Phase I of Large Format Long Focal Length Camera		92,700. ✓
		Delivery - November 30, 1955		75

112	3.5.4.2- 3.5.8.1	Deliver first article of Large Format Long Focal Length Camera		214,000.
		Delivery - January 31, 1956		
113	3.5.4.2- 3.5.8.1	Deliver four (4) production units of Large Format Long Focal Length Camera	138,000.	552,000.
		One (1) March 31, 1956 One (1) April 30, 1956 One (1) May 31, 1956 One (1) June 30, 1956		
114	3.5.9	Test of all mechanical & electrical operations (in plant) on first article		35,000.
		Delivery - January 31, 1956		
115	3.5.9	Test of all mechanical & electrical operations on four (4) production units	15,650.	62,600.
		One (1) March 31, 1956 One (1) April 30, 1956 One (1) May 31, 1956 One (1) June 30, 1956		
116	3.10.1	Deliver twenty-five (25) production units of <u>Spare Cassettes Dual 15"x9½"</u>	1,276.	31,900.
		Delivery - Two (2) January 31, 1956 Two (2) March 31, 1956 Six (6) May 31, 1956 Fifteen (15) June 30, 1956		
117	3.10.2	Deliver two hundred & sixteen (216) <u>Spare Spools 15" x 9½"</u>	52.	11,232.
		Delivery - Fifty (50) January 31, 1956 Fifty (50) February 28, 1956 One hundred & sixteen (116) March 31, 1956		
118	3.10.3	Deliver fifteen (15) Spare Shutters	1,880.	28,200.
		Delivery - One (1) January 31, 1956 One (1) March 31, 1956 Four (4) May 31, 1956 Nine (9) June 30, 1956		
119	3.11	Deliver first article of Shipping and Storage Containers		7,200.
		Delivery - January 31, 1956		

120	3.11	Deliver four (4) production units of Shipping and Storage containers	4,825.	19,300.
		Delivery - One (1) March 31, 1956 One (1) April 30, 1956 One (1) May 31, 1956 One (1) June 30, 1956		
121	3.12	Deliver one (1) Camera complete, incl. mount assembled to major components only		137,000.
		Delivery - June 30, 1956		
122	7.0	Technical Data & Instruction Manuals. First article of A-1 Configuration System		1,890.
		Delivery - August 31, 1955		
123	7.0	Technical Data & Instruction Manuals - Four (4) production sets of A-1 Configuration system	38.	152.
		Delivery - One (1) set November 30, 1955 One (1) set January 31, 1956 One (1) set March 31, 1956 One (1) set May 31, 1956		
124	7.0	Technical Data & Instruction Manuals. First article of A-2 Configuration System		1,890.
		Delivery - August 31, 1955		
125	7.0	Technical Data & Instruction Manuals - Four (4) production sets of A-2 Configuration system	38.	152.
		Delivery - One (1) set December 31, 1955 One (1) set February 28, 1956 One (1) set April 30, 1956 One (1) set June 30, 1956		
126	7.0	Technical Data & Instruction Manuals. First article of Mini-Vib Unit		1,890.
		Delivery - August 31, 1955		
127	7.0	Technical Data & Instruction Manuals- Four(4) production sets of Mini-Vib Unit	38.	152.
		Delivery - One set November 30, 1955 One (1) set December 31, 1955 One (1) set January 31, 1956 One (1) set February 28, 1956		
128	7.0	Technical Data & Instruction Manuals. First article of 3 $\frac{1}{2}$ " Shutter		1,890.
		Delivery - September 30, 1955		

129	7.0	Technical Data & Instruction Manuals - Four (4) production sets of 3½" Shutter	38.	152.
		Delivery - One (1) set October 31, 1955 One (1) set November 30, 1955 One (1) set December 31, 1955 One (1) set January 31, 1956		
130	7.0	Technical Data & Instruction Manuals. First article of 2¼" Lens Cone Special		1,890.
		Delivery - July 31, 1955		
131	7.0	Technical Data & Instruction Manuals. Four (4) production sets 2¼" Lens Cone Special	38.	152.
		Delivery - One (1) set August 31, 1955 One (1) set September 30, 1955 One (1) set October 31, 1955 One (1) set November 30, 1955		
132	7.0	Technical Data & Instruction Manual. First article of K-38 Camera		1,890.
		Delivery - July 31, 1955		
133	7.0	Technical Data & Instruction Manuals. Four (4) production units for K-38 Camera	38.	152.
		Delivery - One (1) set August 31, 1955 One (1) set September 30, 1955 One (1) set October 31, 1955 One (1) set November 30, 1955		
134	7.0	Technical Data & Instruction Manuals. First article for Precision Camera - 6".		1,890.
		Delivery - June 30, 1955		
135	7.0	Technical Data & Instruction Manuals. Four (4) production sets for Precision Camera - 6".	38.	152.
		Delivery - One (1) set July 30, 1955 One (1) set August 31, 1955 One (1) set September 30, 1955 One (1) set October 31, 1955		
136	7.0	Technical Data & Instruction Manuals. First article for A8B Magazine Modified.		1,890.
		Delivery - June 30, 1955		



137	7.0	Technical Data & Instruction Manuals. Four (4) production sets for A8B Magazine Modified	38.	152.
		Delivery - One (1) set July 31, 1955 One (1) set August 31, 1955 One (1) set September 30, 1955 One (1) set October 31, 1955		
138	7.0	Technical Data & Instruction Manuals. First article A-9B Magazine Modified		1,890.
		Delivery - May 31, 1955		
139	7.0	Technical Data & Instruction Manuals. Four (4) production sets for A-9B Magazine Modified.	38.	152.
		Delivery - One (1) set July 31, 1955 Two (2) sets August 31, 1955 One (1) set September 30, 1955		
140	7.0	Technical Data & Instruction Manuals. First article of Single Rocking Mount IMC		1,890.
		Delivery - July 31, 1955		
141	7.0	Technical Data & Instruction Manuals. Four (4) production sets for Single Rocking Mount IMC	38.	152.
		Delivery - One (1) set October 31, 1955 One (1) set December 31, 1955 One (1) set February 28, 1956 One (1) set April 30, 1956		
142	7.0	Technical Data & Instruction Manuals. First article for Fixed Triple Mount K-38 IMC		1,890.
		Delivery - July 31, 1955		
143	7.0	Technical Data & Instruction Manuals. Four (4) sets for Fixed Triple Mount K-38 IMC	38.	152.
		Delivery - One (1) set November 30, 1955 One (1) set January 31, 1956 One (1) set March 31, 1956 One (1) set May 31, 1956		
144	7.0	Technical Data & Instruction Manuals. First article for Tri-Mount Precision Camera		1,890.
		Delivery - July 31, 1955		
145	7.0	Technical Data & Instruction Manuals. Four (4) production sets for Tri-Mount Precision Camera	38.	152.
		Delivery - One (1) set October 31, 1955 One (1) set December 31, 1955 One (1) set February 28, 1956 One (1) set April 30, 1956		

146	7.0	Technical Data & Instruction Manuals. First article for Programmer Control		1,890.
		Delivery - July 31, 1955		
147	7.0	Technical Data & Instruction Manuals. Four (4) production sets for Programmer Control	38.	152.
		Delivery - One (1) set September 30, 1955 One (1) set October 31, 1955 Two (2) sets November 30, 1955		
148	7.0	Technical Data & Instruction Manuals. First article for B Configuration		1,890.
		Delivery - August 31, 1955		
149	7.0	Technical Data & Instruction Manuals. Four (4) production sets for B Configuration	38.	152.
		Delivery - One (1) set December 31, 1955 One (1) set January 31, 1956 One (1) set February 28, 1956 One (1) set March 31, 1956		
150	7.0	Technical Data & Instruction Manuals. First article for "C" Configuration		1,890.
		Delivery - January 31, 1955		
151	7.0	Technical Data & Instruction Manuals. Four (4) production sets for "C" Configuration	38.	152.
		Delivery - One (1) set - March 31, 1956 One (1) set - April 30, 1956 One (1) set - May 31, 1956 One (1) set - June 30, 1956		
152	7.0	Technical Data & Instruction Manuals. First article for Stabilized Mount		1,890.
		Delivery - January 31, 1956		
153	7.0	Technical Data & Instruction Manuals. Four (4) production sets for Stabilized mount	38.	152.
		Delivery - One (1) set March 31, 1956 One (1) set April 30, 1956 One (1) set May 31, 1956 One (1) set June 30, 1956		

154	7.0	Technical Data & Instruction Manuals. First article for Ground Handling Equipment System.		4,725.
		Delivery - August 31, 1955		
155	7.0	Technical Data & Instruction Manuals. Four (4) production sets for Ground Handling Equipment System.	38.	152.
		Delivery One (1) set October 31, 1955 One (1) set November 30, 1955 One (1) set January 31, 1956 One (1) set March 31, 1956		
156	7.0	Technical Data & Instruction Manuals. First article for Test Equipment Magazines & Cassettes		1,890.
		Delivery - With Test Equipment		
157	7.0	Technical Data & Instruction Manuals. Four (4) production sets for Test Equipment Magazines and Cassettes	38.	152.
		Delivery - With test equipment.		
158	7.0	Technical Data & Instruction Manuals. First article Test Equipment Shutters		1,890.
		Delivery - With test equipment		
159	7.0	Technical Data & Instruction Manuals. Four (4) production sets for Test Equipment shutters	38.	152.
		Delivery - With test equipment.		
160	7.0	Technical Data & Instruction Manuals. First article for Test Equipment Programmer		1,890.
		Delivery - With test equipment		
161	7.0	Technical Data & Instruction Manuals. Four (4) production sets for Test Equipment Programmer.	38.	152.
		Delivery - With test equipment		
162	7.0	Technical Data & Instruction Manuals. First article for Test Equipment IMC		1,890.
		Delivery - With test equipment		
163	7.0	Technical Data & Instruction Manuals. Four (4) production sets for Test Equipment IMC	38.	152.
		Delivery - With test equipment		

164	7.0	Technical Data & Instruction Manuals. First article for Test Equipment Mini-Vib.		1,890.
		Delivery - With test equipment		
165	7.0	Technical Data & Instruction Manuals. Four (4) production sets for Test Equipment Mini-Vib	38.	152.
		Delivery - With test equipment		
166	7.0	Technical Data & Instruction Manuals. First article for Test Equipment Rocking Mount		1,890.
		Delivery - With test equipment		
167	7.0	Technical Data & Instruction Manuals. Four (4) production sets for Test Equipment Rocking Mount	38.	152.
		Delivery - With test equipment.		
168	7.0	Technical Data & Instruction Manuals. First article for Test Equipment Stabilized Mount.		1,890.
		Delivery - With test equipment		
169	7.0	Technical Data & Instruction Manuals. Four (4) production sets for Test Equipment Stabilized Mount	38.	152.
		Delivery - With test equipment.		
170	7.0	Technical Data & Instruction Manuals. First article for General Equipment		4,725.
		Delivery - with test equipment		
171	7.0	Technical Data & Instruction Manuals. Four (4) production sets for General Equipment.	38.	152.
		Delivery - With test equipment.		
172	7.0	Technical Data & Instruction Manuals. First article for Installation & Checkout Equipment		4,725.
		Delivery - With test equipment		
173	7.0	Technical Data & Instruction Manuals. Four (4) production sets for Installation and Checkout Equipment.	38.	152.
		Delivery - With test equipment.		
174	7.0	Technical Data & Instruction Manuals. First article for Preflight Checkout Equipment.		4,725.
		Delivery - With test equipment.		

175	7.0	Technical Data & Instruction Manuals. Four (4) production sets for Preflight Checkout Equipment	38.	152.
		Delivery - With test equipment		
176	8.0 & 8.1	Systems Engineering through flight test including travel & per diem for Configuration A - Phase I.		5,575.
		Delivery - May 31, 1955		
177	8.0 & 8.1	Systems Engineering through flight test including travel & per diem for Configuration A - Phase II.		5,575.
		Delivery - June 30, 1956.		
178	8.0 & 8.2	Systems Engineering through flight test including travel & per diem for Configuration B - Phase I.		11,150.
		Delivery - May 31, 1955		
179	8.0 & 8.2	Systems Engineering through flight test including travel & per diem for Configuration B - Phase II.		11,150.
		Delivery - March 31, 1956.		
180	8.0 & 8.3	Systems engineering through flight test including travel & per diem for Configuration C - Phase I.		11,150.
		Delivery - November 30, 1955		
181	8.0 & 8.3	Systems engineering through flight test including travel & per diem for Configuration C - Phase II.		11,150.
		June 30, 1956.		
182	8.0 & 8.4	Systems Engineering through flight test including travel & per diem for Overall System Phase I		5,575.
		Delivery - December 31, 1955		
183	8.0 & 8.4	Systems Engineering through flight test including travel & per diem for Overall System Phase II		5,561.
		Delivery - July 31, 1956.		

## APPENDIX I

- C. Items to be furnished by Contractor  
(subject to the provisions of Section L  
of this Schedule, entitled "Price  
Redetermination.")

ITEM NO.	D E S C R I P T I O N	TOTAL PRICE
184	Contractor's services in connection with technical and administrative responsibilities, with coordination and with administration of the procurement hereunder from Hycon Mfg. Co.	\$255,000
	Delivery - Contractor may bill this item on a pro rata basis with billings submitted for Items 52 - 183.	

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## GENERAL PROVISIONS

### 1. DEFINITIONS

As used throughout this contract, the following terms shall have the meanings set forth below:

(a) The term "Secretary" means the Secretary, the Under Secretary, or any Assistant Secretary of the Department and the head or any assistant head of the executive agency; and the term "his duly authorized representative" means any person or persons or board (other than the Contracting Officer) authorized to act for the Secretary; and the term "Department" means that component of the Government having cognizance of this contract and represented by the Contracting Officer executing this contract.

(b) The term "Contracting Officer" means the person executing this contract on behalf of the Government, and any other officer or civilian employee who is a properly designated Contracting Officer; and the term includes, except as otherwise provided in this contract, the authorized representative of a Contracting Officer acting within the limits of his authority.

(c) Except as otherwise provided in this contract, the term "subcontracts" includes purchase orders under this contract.

(d) The term "contract work" means all work to be performed under this contract including any studies covering fundamental, theoretical, or experimental investigations; any extension of the investigative findings and theories of a scientific and technical nature into practical application; any tangible items, hereinafter referred to as supplies, if called for herein, furnished to the Government; and any reports, data, computations, plans, drawings, and specifications with respect to the foregoing.

### 2. CHANGES

The Contracting Officer may, at any time, by a written order, and without notice to the sureties, if any, make changes in or additions to drawings or specifications, issue additional instructions, require modified or additional work or services within the general scope of the contract, change the place of delivery or method of shipment, or the amount of Government furnished property. If any such change causes an increase or decrease in the cost of, or the time required for,

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performance of this contract, an equitable adjustment shall be made in the contract price, or time of performance, or both, and the contract shall be modified in writing accordingly. Any claim by the Contractor for adjustment under this clause must be asserted within sixty (60) days from receipt by the Contractor of the notification of change: PROVIDED, HOWEVER, That the Contracting Officer, if he decides that the facts justify such action may receive and act upon any such claim asserted at any time prior to final payment under this contract. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes." However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

### 3. EXTRAS

Except as otherwise provided in this contract, no payment for extras shall be made unless such extras and the price therefor have been authorized in writing by the Contracting Officer.

### 4. INSPECTION

All services, material and workmanship shall be subject to inspection and test by representatives of the Government. For this purpose, the Contractor shall allow at all reasonable times, to the extent approved in writing by the Contracting Officer or his duly authorized representative, inspectors and other Government personnel free access to the plant and operations and shall provide all reasonable facilities and assistance for the safety and convenience of the Government inspectors in the performance of their duties.

### 5. RESPONSIBILITY FOR CONTRACT WORK

Except as otherwise provided in this contract, (i) the Contractor shall be responsible for the contract work until it is delivered at the designated delivery point, regardless of the point of inspection; and (ii) the Contractor shall bear all risks as to rejected work after notice of rejection.

### 6. PAYMENTS

The Contractor shall be paid, upon the submission of properly certified invoices or vouchers, the prices stipulated herein for contract work delivered and accepted, less deduction, if any, as herein provided.

Unless otherwise specified, payment will be made on partial deliveries accepted by the Government when the amount due on such deliveries so warrants; or when requested by the Contractor, payment for accepted partial deliveries shall be made whenever such payment would equal or exceed either \$1,000 or 50 percent of the total amount of this contract.

## 7. PROGRESS PAYMENTS

(a) Progress payments, which are hereby defined as payments prior to acceptance, on contract work in progress for the Government under this contract, may be made upon the following terms and conditions.

(b) The Contracting Officer may, from time to time, authorize progress payment to the Contractor upon property acquired or produced and services performed by it for the performance of this contract: PROVIDED, That such progress payment shall not exceed the cost to the Contractor of the property and services upon which payment is made, which costs shall be determined from evidence submitted by the Contractor and which must be such as is satisfactory to the Contracting Officer; and PROVIDED FURTHER, That in no event shall the total of unliquidated progress payments (see (c) below) and of unliquidated advance payments, if any, made under this contract, exceed 90 percent of the total contract price of supplies or services still to be delivered.

(c) Upon the making of any progress payments under this contract, title to all parts, materials, inventories, work in progress, and nondurable tools theretofore acquired or produced by the Contractor for the performance of this contract and properly chargeable thereto under sound accounting practice shall vest in the Government: PROVIDED, That nothing herein shall deprive the Contractor of any further progress or final payments due or to become due hereunder; or relieve the Contractor or the Government of any of their respective rights or obligations under this contract.

(d) The Contractor represents and warrants that the property, upon which any progress payment is made hereunder, shall be cleared of all liens and incumbrances of any kind whatsoever upon receipt of any progress payment.

(e) In making payment for the supplies furnished hereunder there shall be deducted from the contract price therefor a proportionate amount of the progress payments theretofore made to the Contractor, under the authority herein contained.

(f) It is recognized that property (including, without limitation, completed supplies, spare parts, drawings, information, partially completed supplies, work in progress, materials, fabricated parts and other things called for herein) title to which is or may hereafter become vested in the Government pursuant to this clause will from time to time be used by or put in the care, custody or possession of the Contractor in connection with the performance of this contract. The Contractor, either before or after receipt of Notice of Termination at the option of the Government, may acquire or dispose of property to which title is vested in the Government under this clause, upon terms approved by the Contracting Officer; PROVIDED, That after receipt of Notice of Termination, any such property that is a part of termination inventory may be acquired or disposed of only in accordance with the provisions of the termination clause of this contract and applicable laws and regulations. The agreed price (in case of acquisition by the Contractor) or the proceeds received by the Contractor (in case of other disposition), shall, to the extent that such price and proceeds do not exceed the unliquidated balance of progress payments hereunder, be paid or credited to the Government as the Contracting Officer shall direct; and such unliquidated balance shall be reduced accordingly. Current production scrap may be sold by the Contractor without approval of the Contracting Officer but the proceeds will be applied as provided in this paragraph (f), provided that any such scrap which is a part of termination inventory may be sold only in accordance with the provisions of the termination clause of this contract and applicable laws and regulations. Upon liquidation of all progress payments hereunder or upon completion of deliveries called for by this contract, title to all property (or the proceeds thereof) which has not been delivered to and accepted by the Government under this contract or which has not been incorporated in supplies delivered to and accepted by the Government under this contract and to which title has been vested in the Government under this clause shall vest in the Contractor.

(g) The provisions of this contract referring to "Liability for Government-Furnished Property" and any other provisions of this contract defining liability for Government-furnished property shall be inapplicable to property to which the Government shall have acquired title solely by virtue of the provisions of this clause. The provisions of this clause shall not relieve the Contractor from risk of loss or destruction or damage to property to which title vests in the Government under the provisions hereof.

(h) If this contract (as heretofore or hereafter supplemented or amended) contains provisions for advance payments, and in addition if

at the time any progress payment is to be made to the Contractor under the provisions of this progress payments clause any unliquidated balance of advance payments is outstanding, then notwithstanding any other provisions of the Advance Payments clause of this contract the net amount, after appropriate deduction for liquidation of the advance payment, of such progress payment shall be deposited in the special bank account or accounts maintained as required by the provisions of the Advance Payments clause, and shall thereafter be withdrawn only pursuant to such provisions.

#### 8. ASSIGNMENT OF CLAIMS

(a) Pursuant to the provisions of the Assignment of Claims Act of 1940 as amended (31 U. S. Code 203, 41 U. S. Code 15), if this contract provides for payments aggregating \$1,000 or more, claims for moneys due or to become due to the Contractor from the Government under this contract may be assigned to a bank, trust company, or other financing institution, including any Federal lending agency, and may thereafter be further assigned and reassigned to any such institution. Any such assignment or reassignment shall cover all amounts payable under this contract and not already paid, and shall not be made to more than one party, except that any such assignment or reassignment may be made to one party or agent or trustee for two or more parties participating in such financing. Notwithstanding any other provision of this contract, payment to an assignee of any moneys due or to become due under this contract shall not, to the extent provided in said Act as amended, be subject to reduction or set-off.

(b) In no event shall copies of this contract or of any plans, specifications, or other similar documents relating to work under this contract, if marked "TOP SECRET," "SECRET," "CONFIDENTIAL," be furnished to any assignee of any claim arising under this contract or to any other person not entitled to receive the same; PROVIDED, That a copy or any part or all of this contract so marked may be furnished, or any information contained therein may be disclosed, to such assignee upon the prior written authorization of the Contracting Officer.

(c) The Contractor shall obtain the written authorization of the Contracting Officer prior to the assignment of any rights under this contract.

#### 9. FEDERAL, STATE AND LOCAL TAXES

(a) DEFINITIONS. As used throughout this clause, the following terms shall have the meanings set forth below:

(i) The term "direct tax" means any tax or duty directly applicable to the completed supplies or services (as distinguished from taxes directly applicable to materials and components used in the manufacture or furnishing of the completed supplies or services) covered by this contract or any other tax or duty from which the Contractor or this transaction is exempt. It includes any tax or duty directly applicable to the importation, production, processing, manufacture, construction, sale, or use of such supplies or services; it also includes any tax levied on, with respect to, or measured by sales, receipts from sales, or use of the supplies or services covered by this contract. The term does not include transportation taxes, unemployment compensation taxes, social security taxes, income taxes, excess-profits taxes, capital stock taxes, property taxes, and such other taxes as are not within the definition of the term. "direct tax" as set forth above in this paragraph.

(ii) The term "contract date" means the effective date of this contract. For the purpose of any additional procurement of supplies or services called for by any agreement supplemental hereto, the term "contract date" shall refer to the date of such supplemental agreement.

(b) FEDERAL, STATE AND LOCAL TAXES. Except as may be otherwise provided in this contract, the contract price includes all applicable Federal, State and local direct taxes in effect on the contract date.

(c) PRICE ADJUSTMENT. If, after the contract date, the Federal Government or any State or local government either imposes or increases (or removes an exemption with respect to) any direct tax or any tax directly applicable to the materials or components used in the manufacture or furnishing of the completed supplies or services covered by this contract, the contract price shall be correspondingly increased, and if interest and penalties are incurred by reason of delay in payment of such tax on the instruction of the Contracting Officer, and such interest and penalties are legally imposed, the contract price shall be correspondingly increased. If, after the contract date, the Contractor is relieved in whole or in part from the payment or the burden of any direct tax included in the contract price, or any tax directly applicable to the materials or components used in the manufacture or furnishing of the completed supplies or services covered by this contract, the Contractor agrees promptly to notify the Contracting Officer of such relief, and the contract price shall be correspondingly decreased

or the amount of such relief paid over to the Government. Invoices or vouchers covering any increase or decrease in contract price pursuant to the provisions of this paragraph shall state the amount thereof, as a separate added or deducted item, and shall identify the particular tax imposed, increased, eliminated, or decreased.

(d) REFUND OR DRAWBACK. If any tax or duty has been included in the contract price or the price as adjusted under paragraph (c) of this clause, and if the Contractor is entitled to a refund or drawback by reason of the export or re-export of supplies covered by this contract, or of materials or components used in the manufacture or furnishing of the completed supplies or services covered by this contract, the Contractor agrees that he will promptly notify the Contracting Officer thereof and that the amount of any such refund or drawback obtained will be paid over to the Government or credited against amounts due from the Government under this contract; PROVIDED, HOWEVER, That the Contractor shall not be required to apply for such refund or drawback unless so requested by the Contracting Officer.

#### 10. DEFAULT

(a) The Government may, subject to the provisions of paragraph (b) below, by written Notice of Default to the Contractor, terminate the whole or any part of this contract in any one of the following circumstances:

(i) If the Contractor fails to make delivery of, or to perform, the contract work within the time specified herein or any extension thereof; or

(ii) If the Contractor fails to perform any of the other provisions of this contract, or so fails to make progress as to endanger performance of this contract in accordance with its terms, and in either of these two circumstances does not cure such failure within a period of ten (10) days (or such longer period as the Contracting Officer may authorize in writing) after receipt of notice from the Contracting Officer specifying such failure.

(b) The Contractor shall not be liable for any excess costs if any failure to perform the contract arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes include, but are not restricted to, acts of God or of the public enemy, acts of the Government, fires, floods, epidemics, quarantine

restrictions, strikes, freight embargoes, unusually severe weather, and defaults of subcontractors due to any of such causes unless the Contracting Officer shall determine that the contract work to be furnished by the subcontractor was obtainable from other sources in sufficient time to permit the Contractor to meet the required delivery schedule.

(c) In the event the Government terminates this contract in whole or in part as provided in paragraph (a) of this clause, the Government may procure, upon such terms and in such manner as the Contracting Officer may deem appropriate, contract work similar to that so terminated and the Contractor shall be liable to the Government for any excess costs for such similar contract work; PROVIDED, That the Contractor shall continue the performance of this contract to the extent not terminated under the provisions of this clause.

(d) If this contract is terminated as provided in paragraph (a) of this clause, the Government, in addition to any other rights provided in this clause, may require the Contractor to transfer title and deliver to the Government, in the manner and to the extent directed by the Contracting Officer, (i) any completed contract work, and (ii) such partially completed contract work and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (hereinafter called "manufacturing materials") as the Contractor has specifically produced or specifically acquired for the performance of such part of this contract as has been terminated; and the Contractor shall, upon direction of the Contracting Officer, protect and preserve property in possession of the Contractor in which the Government has an interest. The Government shall pay to the Contractor the contract price for completed contract work delivered to and accepted by the Government and the amount agreed upon by the Contractor and the Contracting Officer for manufacturing materials delivered to and accepted by the Government and for the protection and preservation of property. Failure to agree shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes".

(e) If, after notice of termination of this contract under the provisions of paragraph (a) of this clause, it is determined that the failure to perform this contract is due to causes beyond the control and without the fault of negligence of the Contractor pursuant to the provisions of paragraph (b) of this clause, such Notice of Default shall be deemed to have been issued pursuant to the clause of this contract entitled "Termination for Convenience of the Government," and the rights and obligations of the parties hereto shall in such event be governed by such clause.

(f) If the Contractor will be unable to complete the contract work and make delivery at the time specified in the schedule, it may give the Contracting Officer written notice of the anticipated default with the reasons therefor, provided such notice is given not less than forty-five (45) days before the completion date specified in the schedule or within such time as the Contracting Officer deems sufficient. If such notice is duly given, then, to the extent the interest of the Government makes an extension desirable, the Contracting Officer may, in his discretion, extend the period of time specified in the schedule for such period as he deems advisable, and this contract shall then be modified in writing accordingly.

## 11. DISPUTES

Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Contractor. Within thirty (30) days from the date of receipt of such copy, the Contractor may appeal by mailing or otherwise furnishing to the Contracting Officer a written appeal addressed to the Secretary, and the decision of the Secretary or his duly authorized representative for the hearing of such appeals shall, unless determined by a court of competent jurisdiction to have been fraudulent or capricious or arbitrary or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence, be final and conclusive; PROVIDED, That, if no such appeal is taken, the decision of the Contracting Officer shall be final and conclusive. In connection with any appeal proceeding under this clause, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

## 12. NOTICE AND ASSISTANCE REGARDING PATENT INFRINGEMENT

(a) If the amount of this contract is in excess of \$5,000, the Contractor agrees to report to the Contracting Officer, promptly and in reasonable written detail, each claim of patent infringement based on the performance of this contract and asserted against it, or against any of its subcontractors if it has notice thereof.

(b) In the event of litigation against the Government on account of any claim of infringement arising out of the performance of this



contract or out of the use of any supplies furnished or construction work performed hereunder, the Contractor agrees that it will furnish to the Government, upon request, all evidence and information in its possession pertaining to the defense of such litigation. Such information shall be furnished at the expense of the Government except in those cases in which the Contractor has agreed to indemnify the Government against the claim being asserted.

13. BUY AMERICAN ACT

The Contractor agrees that there will be delivered under this contract only such unmanufactured articles, materials and supplies (which term "articles, materials and supplies" is hereinafter referred to in this clause as "supplies") as have been mined or produced in the United States, and only such manufactured supplies as have been manufactured in the United States substantially all from supplies mined, produced or manufactured, as the case may be, in the United States. Pursuant to the Buy American Act (41 U. S. Code 102-d), the foregoing provision shall not apply (i) with respect to supplies excepted by the Secretary from the application of that Act, (ii) with respect to supplies for use outside the United States, or (iii) with respect to the supplies to be delivered under this contract which are of a class or kind determined by the Secretary or his duly authorized representative not to be mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality, or (iv) with respect to such supplies from which the supplies to be delivered under this Contract are manufactured, as are of a class or kind, determined by the Secretary or his duly authorized representative not to be mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality; PROVIDED, That this exception (iv) shall not permit delivery of supplies manufactured outside the United States if such supplies are manufactured in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality.

14. CONVICT LABOR

In connection with the performance of work under this contract, the Contractor agrees not to employ any person undergoing sentence of imprisonment at hard labor.

15. EIGHT-HOUR LAW OF 1912

This contract, to the extent that it is of a character specified in the Eight-Hour Law of 1912 as amended (40 U. S. Code 324-326) and is

not covered by the Walsh-Healey Public Contracts Act (41 U. S. Code 35-45), is subject to the following provisions and exceptions of said Eight-Hour Law of 1912 as amended, and to all other provisions and exceptions of said Law:

No laborer or mechanic doing any part of the work contemplated by this contract, in the employ of the Contractor shall be required or permitted to work more than eight hours in any one calendar day upon such work, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this clause. The wages of every such laborer and mechanic employed by the Contractor shall be computed on a basic day rate of eight hours per day; and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this clause a penalty of five dollars shall be imposed upon the Contractor for each such laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this clause; and all penalties thus imposed shall be withheld for the use and benefit of the Government.

16. WALSH-HEALEY PUBLIC CONTRACTS ACT

If this contract is for the manufacture or furnishing of materials, supplies, articles or equipment in an amount which exceeds or may exceed \$10,000 and is otherwise subject to the Walsh-Healey Public Contracts Act as amended (41 U. S. Code 35-45), there are hereby incorporated by reference all representations and stipulations required by said Act and regulations issued thereunder by the Secretary of Labor, such representations and stipulations being subject to all applicable rulings and interpretations of the Secretary of Labor which are now or may hereafter be in effect, except that the Contractor shall not be required to include this clause in subcontracts issued hereunder when the inclusion of this clause in a subcontract would jeopardize or conflict with the security considerations established in connection with this contract.

17. NONDISCRIMINATION IN EMPLOYMENT

(a) In connection with the performance of work under this contract, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national

origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of the nondiscrimination clause.

(b) The Contractor further agrees to insert the foregoing provision in subcontracts issued hereunder, except subcontracts for standard commercial supplies or raw materials, and except as insertion of the foregoing provision in a subcontract would jeopardize or conflict with the security considerations established in connection with this contract.

#### 18. OFFICIALS NOT TO BENEFIT

No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

#### 19. COVENANT AGAINST CONTINGENT FEES

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty the Government shall have the right to annul this contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage or contingent fee.

#### 20. TERMINATION FOR CONVENIENCE OF THE GOVERNMENT

(a) The performance of work under this contract may be terminated by the Government in accordance with this clause in whole, or from time to time in part, whenever the Contracting Officer shall determine that such termination is in the best interests of the Government. Any such termination shall be effected by delivery to the Contractor

of a Notice of Termination specifying the extent to which performance of work under the contract is terminated, and the date upon which such termination becomes effective.

(b) After receipt of a Notice of Termination, and except as otherwise directed by the Contracting Officer, the Contractor shall (1) stop work under the contract on the date and to the extent specified in the Notice of Termination; (2) place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the contract as is not terminated; (3) terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the Notice of Termination; (4) assign to the Government, in the manner, at the times, and to the extent directed by the Contracting Officer, all of the right, title, and interest of the Contractor under the orders and subcontracts so terminated, in which case the Government shall have the right, in its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts; (5) settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the Contracting Officer, to the extent he may require, which approval or ratification shall be final for all the purposes of this clause; (6) transfer title and deliver to the Government, in the manner, at the times, and to the extent, if any, directed by the Contracting Officer, (i) the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced as a part of, or acquired in connection with the performance of, the work terminated by the Notice of Termination, and (ii) the completed or partially completed plans, drawings, information, and other property which, if the contract had been completed, would have been required to be furnished to the Government; (7) use its best efforts to sell, in the manner, at the times, to the extent, and at the price or prices directed or authorized by the Contracting Officer, any property of the types referred to in provision (6) of this paragraph, PROVIDED, HOWEVER, That the Contractor (i) shall not be required to extend credit to any purchaser, and (ii) may acquire any such property under the conditions prescribed by and at a price or prices approved by the Contracting Officer; and PROVIDED FURTHER That the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by the Government to the Contractor under this Contract or shall otherwise be credited to the price or cost of the work covered by this contract or paid in such other manner as the Contracting Officer may direct; (8) complete performance of such part of the work as shall not have been terminated by the Notice of Termination; and (9) take such action as may be necessary or as the Contracting Officer may

direct, for the protection and preservation of the property related to this contract which is in the possession of the Contractor and in which the Government has or may acquire any interest. At any time after expiration of the plant clearance period, as defined in Section VIII, Armed Services Procurement Regulation, as it may be amended from time to time, the Contractor may submit to the Contracting Officer a list, certified as to quantity and quality, of any or all items of termination inventory not previously disposed of, exclusive of items the disposition of which has been directed or authorized by the Contracting Officer, and may request the Government to remove such items or enter into a storage agreement covering them. Not later than fifteen (15) days thereafter, the Government will accept title to such items and remove them or enter into a storage agreement covering the same PROVIDED That the list submitted shall be subject to verification by the Contracting Officer upon removal of the items, or if the items are stored, within forty-five (45) days from the date of submission of the list, and any necessary adjustment to correct the list as submitted shall be made prior to final settlement.

(c) After receipt of a Notice of Termination, the Contractor shall submit to the Contracting Officer its termination claim, in the form and with the certification prescribed by the Contracting Officer. Such claim shall be submitted promptly but in no event later than two years from the effective date of termination, unless one or more extensions in writing are granted by the Contracting Officer, upon request of the Contractor made in writing within such two-year period or authorized extension thereof. However, if the Contracting Officer determines that the facts justify such action, he may receive and act upon any such termination claim at any time after such two-year period or any extension thereof. Upon failure of the Contractor to submit its termination claim within the time allowed, the Contracting Officer may determine, on the basis of information available to him, the amount, if any, due to the Contractor by reason of the termination, and shall thereupon pay to the Contractor the amount so determined.

(d) Subject to the provisions of paragraph (c), the Contractor and the Contracting Officer may agree upon the whole or any part of the amount or amounts to be paid to the Contractor by reason of the total or partial termination of work pursuant to this clause, which amount or amounts may include a reasonable allowance for profit on work done. The contract shall be amended accordingly, and the Contractor shall be paid the agreed amount. Nothing in paragraph (c) of this clause, prescribing the amount to be paid to the Contractor in the event of failure of the Contractor and the Contracting Officer to agree

upon the whole amount to be paid to the Contractor by reason of the termination of work pursuant to this clause, shall be deemed to limit, restrict, or otherwise determine or affect the amount or amounts which may be agreed upon to be paid to the Contractor pursuant to this paragraph (d).

(e) In the event of the failure of the Contractor and the Contracting Officer to agree as provided in paragraph (d) upon the whole amount to be paid to the Contractor by reason of the termination of contract work pursuant to this clause, the Contracting Officer shall determine, on the basis of information available to him, the amount, if any, due to the Contractor by reason of the termination and shall pay to the Contractor the amounts determined as follows:

- (1) For completed supplies accepted by the Government (or sold or acquired as provided in paragraph (b) (7) above) and not theretofore paid for, a sum equivalent to the aggregate price for such supplies computed in accordance with the price or prices specified in the contract, appropriately adjusted for any saving of freight or other charges;
- (2) The total of--
  - (i) The costs incurred in the performance of the contract work terminated, including initial costs and preparatory expense allocable thereto, but exclusive of any costs attributable to supplies paid or to be paid for under paragraph (e) (1) hereof;
  - (ii) The cost of settling and paying claims arising out of the termination of work under subcontracts or orders, as provided in paragraph (b) (5) above, which are properly chargeable to the terminated portion of the contract (exclusive of amounts paid or payable on account of supplies or materials delivered or services furnished by subcontractors or vendors prior to the effective date of the Notice of Termination, which amounts shall be included in the costs payable under (i) above; and

(iii) An allowance for profit in keeping with the provisions of Section L, "Price Redetermination," of the Schedule hereto.

(3) The reasonable costs of settlement, including accounting, legal, clerical, and other expenses reasonably necessary for the preparation of settlement claims and supporting data with respect to the terminated portion of the contract and for the termination and settlement of subcontracts thereunder, together with reasonable storage, transportation, and other costs incurred in connection with the protection or disposition of property allocable to this contract.

The total sum to be paid to the Contractor under (1) and (2) of this paragraph (c) shall not exceed the total contract price as reduced by the amount of payments otherwise made and as further reduced by the contract price of work not terminated. Except for normal spoilage, and except to the extent that the Government shall have otherwise expressly assumed the risk of loss, there shall be excluded from the amounts payable to the Contractor as provided in paragraph (c) (1) and paragraph (c) (2) (i), the fair value, as determined by the Contracting Officer, of property which is destroyed, lost, stolen, or damaged so as to become undeliverable to the Government, or to a buyer pursuant to paragraph (b) (7).

(f) Determination of costs under paragraph (c) or (e) hereof shall be in accordance with generally accepted accounting practices and principles.

(g) The Contractor shall have the right of appeal, under the clause of this contract entitled "Disputes," from any determination made

by the Contracting Officer under paragraphs (c) and (e) above, except that if the Contractor has failed to submit its claim within the time provided in paragraph (c) above and has failed to request extension of such time, he shall have no such right of appeal. In any case where the Contracting Officer has made a determination of the amount due under paragraph (c) or (e) above, the Government shall pay to the Contractor the following: (i) if there is no right of appeal hereunder or if no timely appeal has been taken, the amount so determined by the Contracting Officer, or (ii) if an appeal has been taken, the amount finally determined on such appeal.

(h) In arriving at the amount due the Contractor under this clause, there shall be deducted (1) all unliquidated advance or other unliquidated payments on account theretofore made to the Contractor, (2) any claim which the Government may have against the Contractor in connection with this contract, and (3) the agreed price for, or the proceeds of sale of, any materials, supplies, or other things acquired by the Contractor or sold pursuant to the provisions of this clause, and not otherwise recovered by or credited to the Government.

(i) If the termination hereunder be partial, prior to the settlement of the terminated portion of this contract, the Contractor may file with the Contracting Officer a request in writing for an equitable adjustment of the price or prices specified in the contract relating to the continued portion of the contract (the portion not terminated by the Notice of Termination), and such equitable adjustment as may be agreed upon shall be made in such price or prices.

(j) The Government may from time to time, under such terms and conditions as it may prescribe, make partial payments and payments on account against costs incurred by the Contractor in connection with the terminated portion of this contract whenever in the opinion of the Contracting Officer the aggregate of such payments shall be within the amount to which the Contractor will be entitled hereunder. If the total of such payments is in excess of the amount finally agreed or determined to be due under this clause, such excess shall be payable by the Contractor to the Government upon demand, together with interest computed at the rate of 6% per annum, for the period from the date such excess payment is received by the Contractor to the date on which such excess is repaid to the Government; PROVIDED, HOWEVER, That no interest shall be charged with respect to any such excess payment attributable to a reduction in the Contractor's claim by reason of retention or other disposition of termination inventory until ten (10) days after the date of such retention or disposition.



(k) Unless otherwise provided for in this contract, or by applicable statute, the Contractor, from the effective date of termination and for a period of six (6) years after final settlements under this contract, shall preserve and make available to the Government at all reasonable times at the office of the Contractor but without direct charge to the Government, all its books, records, documents, and other evidence bearing on the costs and expenses of the Contractor under this contract and relating to the work terminated hereunder, or, to the extent approved by the Contracting Officer, photographs, microphotographs, or other authentic reproductions thereof.

## 21. SUBCONTRACTS

(a) No contract shall be made by the Contractor with any other party for furnishing any of the completed or substantially completed articles, spare parts or work, herein contracted for, without the written approval of the Contracting Officer as to sources.

(b) The Contractor shall give specific advance notification to the Contracting Officer of any proposed subcontract hereunder which (1) is on a cost or cost-plus-a-fixed-fee basis, or (2) is on a fixed-price basis exceeding in dollar amount either \$25,000 or five percent (5%) of the total amount of this contract.

(c) The Contractor shall not, without the prior written consent of the Contracting Officer, place any subcontract which (1) is on a cost or cost-plus-a-fixed-fee basis, or (2) is on a fixed-price basis exceeding in dollar amount either \$25,000 or five percent (5%) of the total amount of this contract, or (3) provides for the fabrication, purchase, rental, installation or other acquisition, of any item of industrial facilities, or of special tooling having a value in excess of \$1,000, or (4) is on a time-and-material or labor-hour basis. The Contracting Officer may, in his discretion, ratify in writing any such subcontract; such action shall constitute the consent of the Contracting Officer as required by this paragraph (c).

(d) The Contractor agrees that no subcontract placed under this contract shall provide for payment on a cost-plus-a-percentage-of-cost basis.

(e) The Contracting Officer may, in his discretion, specifically approve in writing any of the provisions of a subcontract. However, such approval or the consent of the Contracting Officer obtained as required by this clause shall not be construed to constitute a determination

of the acceptability of the subcontract price, unless such approval specifically provides that it constitutes a determination of the acceptability of the subcontract price.

(f) The Contracting Officer may approve all or any part of the Contractor's purchasing system and from time to time rescind or reinstate such approval. Such approval shall be deemed to fulfill the requirements for obtaining the Contracting Officer's consent to subcontracts as prescribed in paragraph (c) above.

## 22. INSPECTION AND AUDIT

(a) The Contractor agrees that its books and records and its plants, or such part thereof as may be engaged in the performance of this contract shall at all reasonable times be subject to inspection and audit when and to the extent authorized by the Contracting Officer.

(b) The Contractor agrees to include in each of his subcontracts hereunder which is on a cost or cost-plus-a-fixed-fee or a price redetermination basis, or on a time-and-material or labor-hour basis, provision for audit of such subcontracts by the Contractor. The Contractor shall conduct an audit of any such subcontract when requested to do so by the Contracting Officer.

## 23. AUTHORIZATION AND CONSENT

The Government hereby gives its authorization and consent (without prejudice to its rights of indemnification, if such rights are provided for in this contract) for all use and manufacture, in the performance of this contract or any part hereof or any amendment hereto or any subcontract hereunder (including any lower-tier subcontract), or any patented invention (i) embodied in the structure or composition of any article the delivery of which is accepted by the Government under this contract, or (ii) utilized in the machinery, tools or methods the use of which results from compliance by the Contractor or the using subcontractor with (a) specifications or written provisions now or hereafter forming a part of this contract, or (b) specific written instructions given by the Contracting Officer directing the manner of performance.

## 24. GRATUITIES

(a) The Government may, by written notice to the Contractor, terminate the right of the Contractor to proceed under this contract if it is found, after notice and hearing, by the Secretary or his duly authorized

representative, that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by the Contractor, or any agent or representative of the Contractor, to any officer or employee of the Government with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performance of such contract; PROVIDED, That the existence of the facts upon which the Secretary or his duly authorized representative makes such findings shall be in issue and may be reviewed in any competent court.

(b) In the event this contract is terminated as provided in paragraph (a) hereof, the Government shall be entitled (i) to pursue the same remedies against the Contractor as it could pursue in the event of a breach of the contract by the Contractor, and (ii) as a penalty in addition to any other damages to which it may be entitled by law, to exemplary damages in an amount (as determined by the Secretary or his duly authorized representative) which shall be not less than three nor more than ten times the costs incurred by the Contractor in providing any such gratuities to any such officer or employee.

(c) The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

## 25. GOVERNMENT-FURNISHED PROPERTY

(a) The Government shall deliver to the Contractor, for use in connection with and under the terms of this contract, the property which the schedule, appendix, or the specifications state the Government will furnish (hereinafter referred to as "Government-Furnished property"). The delivery or performance dates for the supplies or services to be furnished by the Contractor under this contract are based upon the expectation that Government-Furnished property of a type suitable for use will be delivered to the Contractor at the times stated in the schedule or if not so stated in sufficient time to enable the Contractor to meet such delivery or performance dates. In the event that Government-Furnished property is not delivered to the Contractor by such time or times, the Contracting Officer shall, if requested by the Contractor, make a determination of the delay occasioned the Contractor thereby, and shall grant to the Contractor a reasonable extension of time in respect of such delivery or performance dates. The Government shall not be liable to the Contractor for damages or loss of profit by reason of any delay in delivery of or

failure to deliver any or all of the Government-Furnished property, except that in case of such delay or failure, upon the written request of the Contractor, an equitable adjustment shall be made in the delivery or performance dates, or price, or both, or in any other contractual provision affected thereby, in accordance with the procedures provided for in the clause of the contract entitled "Changes."

(b) By notice in writing the Contracting Officer may decrease the property furnished or to be furnished by the Government under this contract. In any such case, upon the written request of the Contractor, an equitable adjustment shall be made in the delivery or performance dates, or price, or both, and in any other contractual provision affected by such decrease, in accordance with the procedures provided for in the clause of this contract entitled "Changes."

(c) Title to the Government-Furnished property shall remain in the Government. Title to Government-Furnished property shall not be affected by the incorporation or attachment thereof to any property not owned by the Government, nor shall such Government-Furnished property, or any part thereof, be or become a fixture or lose its identity as personalty by reason of affixation to any realty.

(d) The Government-Furnished property shall, unless otherwise provided herein, be used only for the performance of this contract.

(e) The Contractor shall maintain and administer, in accordance with sound industrial practice, a program for the maintenance, repair, protection and preservation of Government-Furnished property, until disposed of by the Contractor in accordance with this clause. In the event that damaged or defective Government-Furnished property is delivered to the Contractor, or any other damage occurs to Government-Furnished property, the risk of which has been assumed by the Government under this contract, the Government shall replace such items or the Contractor shall make such repair of the property as the Government directs; PROVIDED, HOWEVER, That if the Contractor cannot effect such repair within the time required, the Contractor may reject such property. The contract price includes no compensation to the Contractor for the performance or any repair or replacement for which the Government is responsible, and an equitable adjustment will be made in the contract price for any such repair or replacement of Government-Furnished property made at the direction of the Government. Any repair or replacement for which the Contractor is responsible under the provisions of this contract shall be accomplished by the Contractor at its own expense.

(f) (i) Except for loss, destruction or damage resulting from a failure of the Contractor due to willful misconduct or lack of good faith of any of the Contractor's managerial personnel as defined herein, to maintain and administer the program for the maintenance, repair, protection and preservation of the Government-Furnished property, as required by paragraph (e) hereof, and except as specifically provided in this contract, the Contractor shall not be liable for loss or destruction of or damage to the Government-Furnished property (A) caused by any peril while the property is in transit off the Contractor's premises, or (B) caused by any of the following perils while the property is on the Contractor's or subcontractor's premises, or on any other premises where such property may properly be located, or by removal therefrom because of any of the following perils:

(I) Fire; lightning; windstorm, cyclone, tornado; hail; explosion; riot, riot attending a strike, civil commotion; vandalism and malicious mischief; sabotage; aircraft or objects falling therefrom; vehicles running on land or tracks, excluding vehicles owned or operated by the Contractor or any agent or employee of the Contractor; smoke; sprinkler leakage; earthquake or volcanic eruption; flood, meaning thereby rising of a body of water; hostile or warlike action, including action in hindering, combating, or defending against an actual, impending or expected attack by any government or sovereign power (de jure or de facto), or by any authority using military, naval, or air forces, or by an agent of any such government, power, authority, or forces; or

(II) Other peril, of a type not listed above, if such other peril is customarily covered by insurance (or by a reserve for self-insurance) in accordance with the normal practice of the Contractor, or the prevailing practice in the industry in which the Contractor is engaged with respect to similar property in the same general locale.

The perils as set forth in (A) and (B) above are hereinafter called "excepted perils."

The term "Contractor's managerial personnel" as used herein means the Contractor's directors, officers and any of its managers, superintendents, or other equivalent representatives who have supervision or direction of (I) all or substantially all of the Contractor's business; (II) all or substantially all of the Contractor's operation at any one plant or separate location at which the contract is being performed;

(III) a separate and complete major industrial operation in connection with the performance of this contract.

(ii) The Contractor represents that it is not including in the price hereunder, and agrees that it will not hereafter include in any price to the Government, any charge or reserve for insurance (including self-insurance funds or reserves covering loss or destruction of or damage to the Government-Furnished property caused by any excepted peril).

(iii) Upon the happening of loss or destruction of or damage to any Government-Furnished property caused by an excepted peril, the Contractor shall notify the Contracting Officer thereof, and shall communicate with the Loss and Salvage Organization, if any, now or hereafter designated by the Contracting Officer, and with the assistance of the Loss and Salvage Organization so designated (unless the Contracting Officer has directed that no such organization be employed), shall take all reasonable steps to protect the Government-Furnished property from further damage, separate the damaged and undamaged Government-Furnished property in the best possible order, and furnish to the Contracting Officer a statement of: (A) the lost, destroyed and damaged Government-Furnished property, (B) the time and origin of the loss, destruction or damage, (C) all known interests in commingled property of which the Government-Furnished property is a part, and (D) the insurance, if any, covering any part of or interest in such commingled property. The Contractor shall be reimbursed for the expenditures made by it in performing its obligations under this subparagraph (iii) (including charges made to the Contractor by the Loss and Salvage Organization, except any of such charges the payment of which the Government has, at its option, assumed directly), to the extent approved by the Contracting Officer and set forth in a Supplemental Agreement.

(iv) With the approval of the Contracting Officer after loss or destruction of or damage to Government-Furnished property, and subject to such conditions and limitations as may be imposed by the Contracting Officer, the Contractor may, in order to minimize the loss to the Government or in order to permit resumption of business or the like, sell for the account of the Government any item of Government-Furnished property which has been damaged beyond practicable repair, or which is so commingled or combined with property of others, including the Contractor, that separation is impracticable.

(v) Except to the extent of any loss or destruction of or damage to Government-Furnished property for which the Contractor is relieved of liability under the foregoing provisions of this clause, and except for reasonable wear and tear or depreciation, or the utilization of the Government-Furnished property in accordance with the provisions of this contract, the Government-Furnished property (other than property permitted to be sold) shall be returned to the Government in as good condition as when received by the Contractor in connection with this contract, or as repaired under paragraph (c) above.

(vi) In the event the Contractor is reimbursed or compensated for any loss or destruction of or damage to the Government-Furnished property, caused by an excepted peril, it shall equitably reimburse the Government. The Contractor shall do nothing to prejudice the Government's rights to recover against third parties for any such loss, destruction or damage and, upon the request of the Contracting Officer, shall at the Government's expense, furnish to the Government all reasonable assistance and cooperation (including the prosecution of suit and the execution of instruments of assignment in favor of the Government) in obtaining recovery.

(g) The Contracting Officer or his duly authorized representative shall at all reasonable times have access to the premises wherein any Government-Furnished property is located.

(h) Upon the completion of this contract, or at such earlier dates as may be fixed by the Contracting Officer, the Contractor shall submit, in a form acceptable to the Contracting Officer, inventory schedules covering all items of Government-Furnished property not consumed in the performance of this contract (including any resulting scrap), or not theretofore delivered to the Government, and shall deliver or make such other disposal of such Government-Furnished property, as may be directed or authorized by the Contracting Officer. Recoverable scrap from Government-Furnished property shall be reported in accordance with a procedure and in such form as the Contracting Officer may direct. The net proceeds of any such disposal shall be credited to the contract price or shall be paid in such other manner as the Contracting Officer may direct.

(i) Directions of the Contracting Officer and communications of the Contractor issued pursuant to this clause shall be in writing.

## 26. REPORTING OF ROYALTIES

(a) If this contract is in an amount which exceeds \$10,000, the Contractor agrees to report in writing to the Contracting Officer, during

the performance of this contract and prior to its completion or final settlement, the amount of any royalties or royalty rates paid or to be paid by it directly to others in connection with the performance of this contract, together with the names and addresses of licensors to whom such payments are made and either the patent numbers involved or such other information as will permit identification of the patents or other basis on which royalties are to be paid. Where the Contractor's compliance with the foregoing reporting requirement is found by the Contracting Officer to be impracticable because of the size of the Contractor's business or because of the nature of its accounting procedures, the Contractor may furnish one or more reports, based on its established accounting periods and covering the entire contract period, of royalties in excess of \$1,000 (if computed on an annual basis) paid or to be paid to each licensor on the Contractor's over-all business, together with such other information as will permit identification of the patents or other basis on which royalties are to be paid, in which event the Contractor shall furnish the Contracting Officer, upon his request and at Government expense, an allocation of such royalty payments to Government business or to the work or supplies covered by this contract; reference to any such periodic royalty reports, previously furnished to any Government agency and covering the period of performance of this contract, shall constitute compliance with the reporting requirement of this clause.

(b) If this contract is in an amount which exceeds \$10,000, and no royalties or royalty rates are paid or to be paid directly to others under the circumstances set forth above, the Contractor agrees so to report in writing to the Contracting Officer prior to completion or final settlement of this contract.

## 27. EMPLOYMENT OF ALIENS

If this contract calls for furnishing or constructing aircraft, aircraft parts, or aeronautical accessories, no aliens employed by the Contractor shall be permitted to have access to the plans or specifications, or the work under construction, or to participate in the contract trials, without the written consent beforehand of the Secretary or his duly authorized representative.

## 28. MILITARY SECURITY REQUIREMENTS

(a) The provisions of this clause shall apply to the extent that this contract involves access to security information classified "Top Secret," "Secret," or "Confidential."



(b) The Government shall notify the Contractor of the security classification of this contract and the elements thereof, and of any subsequent revisions in such security classification, by the use of a Security Requirements Check List (DD Form 254) and Appendage thereto (DD Form 254-1).

(c) To the extent the Government has indicated as of the date of this contract, or thereafter indicates, security classification under this contract as provided in paragraph (b) above, the Contractor shall safeguard all classified elements of this contract and shall provide and maintain a system of security controls within its own organization in accordance with the requirements of (i) the Department of Defense Industrial Security Manual for Safeguarding Classified Security Information as in effect on date of this contract, which Manual is hereby incorporated by reference and made a part of this contract, (ii) any amendments to said Manual required by the demands of national security as determined by the Government and made after the date of this contract, notice of which has been furnished to the Contractor by the Contracting Officer, and (iii) those provisions of written agreements entered into by the parties pertaining to the adaptation of the Manual to the Contractor's business.

(d) Designated representatives of the Government responsible for inspection pertaining to industrial security shall have the right to inspect at reasonable intervals the procedures, methods, and facilities utilized by the Contractor in complying with the requirements of the terms and conditions of this clause. Should the Government, through its authorized representative, determine that the Contractor has not complied with such requirements, the Government shall inform the Contractor in writing of the proper actions to be taken in order to effect compliance with such requirements.

(e) If, subsequent to the date of this contract, the security classifications or requirements under this contract are changed by the Government as provided in this clause and the security costs under this contract are thereby increased or decreased, the contract price shall be subject to an equitable adjustment by reason of such increased or decreased costs. Any equitable adjustment shall be accomplished in the same manner as if such changes were directed under the clause in this contract entitled "Changes."

(f) The Contractor agrees to insert, in all subcontracts hereunder which involve access to classified security information, provisions which shall conform substantially to the language of this clause, including this paragraph (f) but excluding the last sentence of paragraph (e) of this clause.

(g) The Contractor also agrees that it shall determine that any subcontractor proposed by it for the furnishing of supplies and services which will involve access to classified security information in the Contractor's custody has been granted an appropriate facility security clearance, which is still in effect, prior to being accorded access to such classified security information.

## 29. DELAY IN DELIVERY OF DATA

(a) It is understood that the efficient use by the Government of the supplies called for hereunder requires that the data called for hereunder be delivered not later than the time or respective times herein specified. If such data are not delivered at said time or times, the Government may at its election, so long as such data remain undelivered, unless the delay in delivery thereof arises out of causes beyond the control and without the fault or negligence of the Contractor within the meaning of the clause hereof entitled "Default," withhold payment to the Contractor's vouchers of the amounts then due, refuse approval of the Contractor's vouchers and refuse to accept further deliveries hereunder from the Contractor or take any other action authorized by law or regulation now or hereafter in effect including termination of the contract for default to the extent and in the manner authorized by said clause, and may take any or all of the foregoing actions separately or in combination.

(b) The provisions of this clause shall only be applicable to technical data, such as handbooks, service manuals, or other information necessary for the proper maintenance or servicing of the end items called for herein.

## 30. COPYRIGHT

(a) The Contractor agrees to and does hereby grant to the Government, and to its officers, agents and employees acting within the scope of their official duties, (i) a royalty-free, nonexclusive and irrevocable license to reproduce, translate, publish, use and dispose of, and to authorize others so to do, all copyrightable material first produced or composed and delivered to the Government under this contract by the Contractor, its employees or any individual or concern specifically employed or assigned to originate and prepare such material; and (ii) a license as aforesaid under any and all copyrighted or copyrightable work not first produced or composed by the Contractor in the performance of this contract but which is incorporated in the material furnished under the contract, provided that such license shall be only

to the extent the Contractor now has, or prior to completion or final settlement of the contract may acquire, the right to grant such license without becoming liable to pay compensation to others solely because of such grant.

(b) The Contractor agrees that it will exert all reasonable effort to advise the Contracting Officer, at the time of delivering any copyrightable or copyrighted work furnished under this contract, of any adversely held copyrighted or copyrightable material incorporated in any such work and of any invasion of the right of privacy therein contained.

(c) The Contractor agrees to report to the Contracting Officer, promptly and in reasonable written detail, any notice or claim of copyright infringement received by the Contractor with respect to any material delivered under this contract.

### 31. FILING OF PATENT APPLICATIONS

(a) While and so long as the subject matter of this contract is classified "Secret" or higher, the Contractor agrees that, before filing or causing to be filed a patent application disclosing any of said subject matter, it will refer the proposed application to the Contracting Officer for determination whether, for reasons of national security, such application should be kept secret or the issuance of a patent thereunder otherwise delayed, under pertinent statutes or regulations; and the Contractor agrees to observe any instructions given by the Contracting Officer in this regard, which instructions may include a direction not to file such application so long as the Contracting Officer considers that such filing would jeopardize national security. If the Contracting Officer directs the Contractor not to file such application, the Contractor may submit to the Contracting Officer a written request, addressed to the Secretary, for reconsideration of such direction, but pending action by the Secretary, the Contractor shall observe such instruction.

(b) While and so long as the subject matter of this contract is classified "Confidential", the Contractor agrees to furnish to the Contracting Officer, at the time of or prior to filing or causing to be filed a patent application disclosing any of said subject matter, a copy of such application for determination whether, for reasons of national security, such application should be kept secret or the issuance of a patent thereunder otherwise delayed, under pertinent statutes or regulations; and the Contractor agrees to observe any instructions of the Contracting Officer in this regard.

### 32. PATENT RIGHTS

(a) As used in this clause, the following terms shall have the meanings set forth below:

(i) The term "Subject Invention" means any invention, improvement or discovery (whether or not patentable) conceived or first actually reduced to practice (unless disclosed in a patent application filed prior to beginning the performances hereinafter set forth) either (A) in the performance of the experimental, developmental or research work called for under this contract, or (B) in the performance of any experimental, developmental or research work relating to the subject matter of this contract which was done upon the understanding that a contract would be awarded.

(ii) The term "Technical Personnel" means any person employed by or working under contract with the Contractor (other than a subcontractor whose responsibilities with respect to rights accruing to the Government in inventions arising under subcontracts are set forth in paragraph (f) of this clause), provided that such person, by reason of the nature of his duties in connection with the performance of this contract, would reasonably be expected to make inventions.

(iii) The terms "subcontract" and "subcontractor" mean any subcontract or subcontractor of the Contractor, and any lower-tier subcontract or subcontractor under this contract.

(b) The Contractor agrees to and does hereby grant to the Government an irrevocable, nonexclusive, nontransferable and royalty-free license to practice, and cause to be practiced for the Government throughout the world, each Subject Invention in the manufacture, use, and disposition according to law, of any article or material, and in the use of any method; PROVIDED, HOWEVER, That with respect to (i) any Subject Invention made by other than Technical Personnel, (ii) any Subject Invention conceived prior to any performance of this contract as set forth in paragraph (a) above but first actually reduced to practice in the course of any such performance, and (iii) the practice of any Subject Invention in foreign countries, the said license and other rights hereinafter provided shall be to the extent of the Contractor's right to grant the same without incurring any obligation to pay royalties or other compensation to others solely on account of said grant. Nothing contained in this paragraph shall be deemed to grant any license under any invention other than a Subject Invention. Any license granted herein shall not

convey any right to the Government to manufacture, have manufactured, or use any Subject Invention for the purpose of providing services or supplies to the general public in competition with the Contractor or the Contractor's commercial licenses in the licensed fields.

(c) The Contractor agrees as follows: (i) to make written disclosure promptly to the Contracting Officer of each Subject Invention which reasonably appears to be patentable and to exert all reasonable effort to make such disclosure not later than six months after first publication, public use or sale; (ii) to specify, at the time of such disclosure, whether or not said Subject Invention has been or will be claimed in a United States patent application and unless it thereafter notifies the Government to the contrary not later than eight (8) months after first publication, public use or sale, to file or cause to be filed in due form and time a United States patent application covering each Subject Invention so specified; (iii) to the extent of the Contractor's right to do so, to deliver to the Contracting Officer such duly executed instruments (prepared by the Government) of assignment, application papers and rightful oaths as are necessary to vest in the Government the sole and exclusive ownership of, and the right to apply for and prosecute patent applications covering each Subject Invention which the Contractor does not specify as aforesaid (or having so specified, thereafter notifies the Government to the contrary), subject, however, to the reservation of a nonexclusive and royalty-free license thereunder to the Contractor (and to its associated and affiliated companies, if any, within the corporate structure of which the Contractor is a part), which license shall be assignable to the successor of that part of the Contractor's business to which it pertains; (iv) to furnish promptly to the Contracting Officer on request an irrevocable power of attorney to inspect and make copies of each United States patent application as filed by or on behalf of the Contractor covering any Subject Invention; (v) in the event the Contractor elects not to continue prosecution of any such United States patent application filed by the Contractor, to so notify the Contracting Officer not less than sixty (60) days before the expiration of the response period, and upon written request, to deliver to the Contracting Officer, to the extent of the Contractor's right to do so, a duly executed assignment to the Government of the entire rights to such patent application and any Subject Invention claimed therein subject to a reservation as specified in (iii) above; and (vi) to deliver to the Contracting Officer duly executed instruments fully confirmatory of any license rights herein agreed to be granted to the Government. If, to the best of the Contractor's knowledge and belief, no inventions have been conceived or first actually reduced to practice under this contract, the Contractor shall so certify to the Contracting Officer.

(d) The Contractor agrees to and does hereby grant to the Government, to the full extent of the Contractor's right to do so without payment of compensation to others, the right to reproduce, use and disclose for governmental purposes (including the right to give to foreign governments for their use as the national interest of the United States may demand) all or any part of the reports, drawings, blueprints, data and technical information specified to be delivered by the Contractor to the Government under this contract; PROVIDED, however, that nothing contained in this paragraph shall be deemed, directly or by implication, to grant any license under any patent now or hereafter issued or to grant any right to reproduce anything else called for by this contract.

(e) Until the Contractor has delivered to the Government the disclosures required by paragraph (c) (i) of this clause and the information as to any subcontractor required by paragraph (g) of this clause, there shall be withheld from final payment under this contract ten percent (10%) of the contract price or \$5,000, whichever is smaller; PROVIDED, however, that the withholding of the aforesaid amount, or subsequent payment thereof to the Contractor, shall not be construed as a waiver of any rights accruing to the Government under this contract; and PROVIDED further, that any amount so withheld under this paragraph shall not be in addition to any amounts withheld under other provisions of this contract. This paragraph shall not be construed as requiring the Contractor to withhold any amount from a subcontractor to enforce compliance with the patent provisions of a subcontract.

(f) The Contractor agrees to exert all reasonable effort to negotiate for the inclusion in any subcontract hereunder of \$3,000 or more, in which payment is to be made for experimental, developmental or research work, of this patent rights clause or one approved by the Contracting Officer. In the event of refusal by a subcontractor to accept such patent rights clause, the Contractor shall obtain the written authorization of the Contracting Officer (which authorization may be granted with respect to a particular subcontract) to proceed with the subcontract, and shall cooperate with the Government in the negotiation with such subcontractor of a mutually acceptable patent rights clause; PROVIDED, however, that the Contractor shall in any event require the subcontractor to grant to the Government patent rights under subject inventions of no less scope and on no less favorable terms than those which the Contractor has under such subcontracts, except that in no event shall the subcontractor be required to grant to the Government patent rights in excess of those herein agreed to be granted to the Government by the Contractor.

(g) The Contractor agrees to notify the Contracting Officer in writing of any subcontract containing a patent rights clause, to furnish to the Contracting Officer a copy of such clause, and promptly to notify the Contracting Officer when such subcontract is completed. It is understood that with respect to such subcontract clause, the Government is a third party beneficiary; and the Contractor hereby assigns to the Government all the rights that the Contractor would have to enforce the obligations of the subcontractor with respect to Subject Inventions. The Contractor shall not be obligated to enforce the agreements of any subcontractor hereunder relating to a patent rights clause in any subcontract.

(h) When the Contractor shows that it has been delayed in the performance of this contract by reason of its inability to obtain, under reasonable terms that include a suitable patent rights clause, a qualified subcontractor for any particular part, item or function of this contract for which the Contractor itself does not have available facilities or qualified personnel, the Contractor's delivery dates shall be extended for a period of time equal to the duration of such delay; and, upon request of the Contractor, the Contracting Officer shall determine to what extent, if any, and additional extension of the delivery dates, and an increase in contract price based upon additional costs incurred, are proper under the circumstances; and the contract shall be modified accordingly. If the Contractor, after exerting all reasonable effort, is unable to obtain a qualified subcontractor as set forth above, the Contractor may submit to the Contracting Officer a written request for waiver or modification of the requirement that a suitable patent rights clause be included in the subcontract. Such request shall specifically state that the Contractor has used all reasonable efforts to obtain such qualified subcontractor and shall cite the waiver or termination provision hereinafter set forth. If, within thirty-five (35) days after the date of receipt of such request for a waiver or modification of said requirement shall be deemed to have been waived by the Government. If within such period the Contractor shall receive a written denial of such request by the Contracting Officer, this contract shall thereupon automatically terminate and the rights and obligations of the parties shall be governed by the provisions of the clause of this contract entitled "Termination for the Convenience of the Government" just as if a notice of termination had been delivered to the Contractor specifying that the contract was terminated for the convenience of the Government.

X (i) In addition to the rights granted to the Government in the foregoing paragraphs of this clause, the Contractor hereby grants to the

Government, under any patents now or hereafter issued with respect to which the Contractor now has, or prior to completion or final settlement of the contract may acquire, the right to grant licenses without becoming liable to pay compensation to others because of such grant, the right to reproduce or to have reproduced articles or materials substantially the same as those delivered to the Government hereunder, and any modifications or improvements thereof, and to practice or cause to be practiced processes developed in the performance of this contract, and to use in their entirety and dispose of in accordance with law articles or materials so reproduced. The acceptance or exercise by the Government of the aforesaid right shall not prevent the Government at any time from contesting the enforceability, validity or scope of, or title to, any patent under which a right is granted by this paragraph. Any rights granted to the Government by this paragraph shall not convey any right to the Government to reproduce or have reproduced any article or material, or to practice or cause to be practiced any process, for the purpose of providing services or supplies to the general public in competition with the Contractor or in the Contractor's commercial licensee in the licensed fields. This paragraph shall not be required to be included in any subcontracts hereunder.

33. FURNISHING OF MATERIALS OR SUPPLIES AT THE GOVERNMENT'S OPTION

The Government may at its option from time to time furnish the Contractor with materials or supplies not obtainable in the open market and which are required by the Contractor for the performance of this contract. In such event, an equitable reduction in the contract price shall be made prior to the delivery of such materials or supplies to the Contractor, or as soon thereafter as possible, but in no event later than thirty (30) days after such delivery.

34. UTILIZATION OF SMALL BUSINESS CONCERNS

(a) It is the policy of the Government as declared by the Congress to bring about the greatest utilization of small business concerns which is consistent with efficient production.

(b) The Contractor agrees to accomplish the maximum amount of subcontracting to small business concerns that the Contractor finds to be consistent with the efficient performance of this contract.

35. SHIPMENTS

(a) Mode of Shipment - Unless otherwise provided in the contract or unless the Contracting Officer, acting under the "Changes" clause



hereof, directs in writing otherwise, all supplies to be furnished under this contract shall be delivered to the Government f. o. b. cars or carrier's equipment at the Contractor's or subcontractor's plant or plants (or point or points nearest thereto that rail carrier service is available). If the Contracting Officer directs in writing that any of the supplies to be furnished hereunder be shipped other than by rail, the Contractor shall be reimbursed for transportation costs incurred in transporting such supplies from the plant to the designated carrier.

(b) F. O. B. Carrier's Equipment - Whenever it is provided in this contract that supplies called for under this contract shall be delivered to the Government, F. O. B. Contractor's plant, any shipment occupying sufficient space in a railroad car to constitute a carload shipment subject to carload freight rates shall be properly and adequately loaded in freight cars by the Contractor and any shipment subject to less-than-carload freight rates shall be delivered by the Contractor into the carrier's possession at the Contractor's plant, or at the point or points nearest thereto at which delivery can be effected. All said shipments shall be made on Government bills of lading and the Contractor shall make application therefor on the form, and to the Transportation Office, designated by the Administrative Office shown on the cover page hereof. In inserting descriptions in Government bills of lading, the Contractor shall comply with the rules and provisions of the freight classifications and tariffs of the carrier or carriers involved.

(c) F. O. B. Destination - Whenever it is provided in this contract that supplies shall be delivered f. o. b. specified destinations, such supplies shall be shipped direct by the Contractor to the specified destinations on commercial bills of lading, at the expense of the Contractor.

(d) Shipping Instructions - If not otherwise provided herein, names of consignees of all supplies to be delivered by the Contractor hereunder will be furnished to the Contractor in writing by the Contracting Officer at a later date. Request therefor shall be made to such address as the Contracting Officer may direct, not later than thirty (30) days prior to the date on which any of the articles are ready for shipment.

(e) Notice of Shipments - At the time of delivery of any shipment of supplies to a carrier for transportation, the Contractor shall give prepaid notice of shipment to the consignee establishment, and to such other persons or installations designated by the Contracting Officer, in accordance with instructions of the Contracting Officer. If such instructions have not been received by the Contractor at least 24 hours prior to such delivery to a carrier, the Contractor shall request instructions from the Contracting Officer concerning the notice of shipment to be given.

(f) Computation of Delivery Time - For the purpose of determining the fulfillment of this contract so far as delivery dates are concerned, in the event the delivery point or points are not the same as the point or points of destination, the time of delivery of the supplies shall be the date of delivery to the carrier ready for shipment to destination.

(g) Shipments by the Government - Whenever any articles, supplies, or other items are delivered by the Government to the Contractor, unless otherwise provided herein, they shall be delivered to the Contractor, f.o.b. cars or carrier's equipment at the plants of Contractor or the point or points nearest thereto that rail carrier service is available.

### 36. EXAMINATION OF RECORDS

The Contractor agrees that the Contracting Officer or any of his duly authorized representatives shall, until the expiration of three years after final payment under this contract, have access to and the right to examine any directly pertinent books, documents, papers and records of the Contractor involving transactions related to this contract, including subcontracts hereunder.

### 37. RENEGOTIATION

This contract shall not be subject either to the provisions of the Vinson-Trammell Act as amended and extended (34 U. S. Code 496, and 10 U. S. Code 311) or to any other act of the Congress, whether heretofore or hereafter enacted, providing for the renegotiation of Government contracts.

### 38. ALTERATIONS IN CONTRACT

The following alterations were made in this contract prior to signature thereof by the parties to this contract:

(a) In clause 32, "Patent Rights," delete subparagraph (i) in its entirety.

(b) In clause 32, "Patent Rights," in lieu of subparagraph (i), deleted by (a), above, in its entirety, substitute the following subparagraph:

"(i) Notwithstanding the requirements of subparagraphs (f) and (h) of this clause, the Contractor shall not be required to negotiate for inclusion of this patent rights clause in any subcontract issued hereunder whensoever such negotiations would jeopardize or conflict with security considerations established in connection with this contract. When, for reasons of security, the Contractor exercises the exception allowed by this subparagraph with respect to inclusion of standard government patent rights language in any subcontract, the Contractor shall obtain in lieu thereof, in such subcontracts, patent rights agreements of the type and scope representative of standard commercial practices in this regard followed by the Contractor and the subcontractors involved."

File L

Contract No. SC-21-54  
Letter Contract for Change Order No. 1

27 June 1955


MEMORANDUM FOR THE RECORD

SUBJECT: Concurrence in Letter Contract for Change Order No. 1 to  
Contract No. SC-21-54/with Perkin-Elmer Corporation --  
Project OCTROI

1. Contract No. SC-21-54 was approved by the Director of Central Intelligence on 10 June 1955, in the amount of \$5,400,000. Such contract was negotiated with the Contractor at a target price of \$5,085,000, subject to redetermination of the price after expenditure of 75 percent of the \$5,085,000. In addition, \$315,000 has been obligated to reimburse the Department of the Air Force for Government-furnished equipment made available to the project. Total obligation to date for Project OCTROI is, therefore, \$5,400,000.

2. This Letter Contract for Change Order No. 1 makes provision for initial work on ground handling equipment needed in connection with this project. It obligates an additional \$100,000. Total ground handling equipment cost will eventually approximate \$390,000. The definitive Change Order will set forth the final amount after further negotiations have been conducted.

3. Funds for this contract, in an amount not to exceed \$5,500,000, have been committed by memorandum dated 2 January 1955 from the Director of Central Intelligence to the Comptroller of the Agency. Issuance of this Letter Contract for Change Order No. 1 will make the total obligation to date \$5,500,000, chargeable in FY-55.

  
RICHARD M. BISSELL, JR.  
Special Assistant to the Director  
for Planning and Coordination

25X1

25X1

SAPC-1248  
Copy 1 of 5

**CONCURRENCE:**

[Redacted Signature Box]

**Comptroller for Project**

29/55

25X1

**APPROVED:**

*[Handwritten Signature]*

**Director of Central Intelligence**

SECTION L - PRICE REDETERMINATION

1. Definitions: As used in this clause, the following terms shall have the meanings set forth below:

(a) The term "billing price" means the stated prices which the Contractor may receive upon delivery of any article or completion of services pending final price revision.

(b) The term "target price" means any price that is subject to adjustment in accordance with the final price revision provisions of these price revision clauses.

(c) The term "target cost" means that portion of any target prices which, at the time of negotiation thereof, was deemed to be the estimated cost of the articles or services being procured and which will be used as a basis for determining the amount of profit the Contractor will realize at the time of establishing the final contract price.

(d) The term "target profit" means that portion of any target price agreed upon as being a reasonable profit for furnishing any item of articles or services if such item were produced for a cost equal to the target cost.

(e) The term "contract target price" means the sum of the target prices of articles and services being procured under the terms of the contract and under change orders and amendments thereto.

(f) The term "contract target cost" means the sum of the target costs of articles and services being procured under the terms of the contract and under change orders and amendments thereto.

(g) The term "contract target profit" means the sum of the target profits of articles and services being procured under the terms of the contract and under change orders and amendments thereto.

(h) The term "adjusted total contract cost" means the total cost, determined in accordance with paragraph (6) (i) of this clause, for only those items subject to final price revision in accordance with the provisions of this clause.

(i) The term "final contract price" means the final contract price for only those items subject to final price revision in accordance with the provisions of this clause.

2. General: The prices of Items 1 through under this contract are target prices until revised in accordance with the provisions of this clause and include a total target profit of \$340,000.

3. Submission of Data: Within 90 days after the end of the month in which the Contractor has delivered the last unit referred to in Appendix I of this contract, the Contractor shall forward to the Contracting Officer (i) a statement of all costs itemized so far as practical in manner prescribed by the Contracting Officer, incurred by the Contractor in performing all work under the items of this contract subject to price revision, and (ii) an estimate of costs of such further performance, if any, as may be necessary to complete performance of all work and obligations under such items. The Contractor may include as a separate item in the statement of costs to be submitted hereunder, an amount to be agreed upon by the Contractor and the Contracting Officer representing the difference between (i) the cost of materials, supplies, and sub-assemblies purchased for but not allocated to the performance of the contract by the Contractor which may be reasonably expected to remain on hand or which are on hand as surplus materials to the conclusion of the contract, and (ii) the value of such materials, supplies, and subassemblies to the conclusion of the contract.

4. Accounting Procedures: The Contractor agrees to maintain books, records, documents, and other evidence pertaining to the costs and expenses of this contract, in accordance with generally accepted accounting principles and practices, and to the extent and in such detail as is necessary for establishment of costs applicable to the items of this contract subject to price revision. The Contractor shall segregate the costs of any item, change or service, the price of which is fixed and not subject to revision in accordance with the provisions of this clause.

5. Certification: An officer or other responsible official of the Contractor authorized by it to do so, shall certify on each statement of costs forwarded to the Contracting Officer in accordance with the requirements of this clause, that the incurred costs are based upon the accounting records of the Contractor, that such records have been kept in accordance with generally accepted accounting principles and practices normally followed by the Contractor, that such incurred costs are correct to the best of his knowledge and belief and that the estimate of costs to complete is considered reasonable.

6. Final Price Revision: Upon submission of the information required by paragraph (3) above, the Contractor and the Contracting Officer shall promptly establish a final contract price for the items subject to revision in accordance with the provisions of this clause in the following manner:

(i) On the basis of the information required by paragraph (3) above, together with the results of such other investigation, as the Contracting Officer may deem appropriate, there shall be established by negotiation the adjusted total contract cost, excluding the actual cost incurred to date of any item or service that has been established on a fixed price basis and the estimated completion cost thereof. Failure to agree shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes."

(ii) The final contract price of such items shall be established by adding to the adjusted total contract cost, as negotiated under paragraph (i) above, an allowance for profit determined in accordance with the instructions set forth in paragraph (iii) below; PROVIDED, HOWEVER, That in no event shall the final contract price exceed \$5,400,000.

(iii) The allowance for profit with respect to such items shall be determined by adding to or deducting from the contract target profit an amount to be determined in accordance with the following schedule; PROVIDED, HOWEVER, That in no event shall the final contract profit exceed \$400,000.

WHEN THE ADJUSTED TOTAL  
CONTRACT COST IS --

Equal to the contract target  
cost of \$4,745,000.....

Greater than contract target  
cost of \$4,745,000.....

THE ALLOWANCE FOR FINAL  
CONTRACT PROFIT IS --

Contract target profit of \$340,000.

Contract target profit less (i) 30 percent of the first \$100,000 by which the adjusted total contract cost exceeds the contract target cost, and (ii) 56 percent of any subsequent amount by which the adjusted total contract cost exceeds the contract target cost.



Less than the contract target  
cost of \$4,745,000.....

Contract target profit plus 30  
percent of the first \$200,000  
by which the adjusted total con-  
tract cost is less than the contract  
target cost. No additional profit  
thereafter.

7. Adjustment of Payments: If the final contract price, as determined under paragraph (6) of this clause, is greater than the aggregate of billing prices for items subject to price revision, as such billing prices may have been revised from time to time, and provided the Contractor has met the other requirements of this contract, the Contractor shall promptly be paid the amount of such excess. If such final contract price is less than the aggregate of such billing prices, provisions shall be made for prompt reimbursement by the Contractor to the Government of the amount of the deficiency. The total amount so payable and the method of payment shall be set forth in an amendment to the contract.

8. Termination: In the event this contract is terminated, in whole or in part, settlement shall be made in accordance with the provisions of the clause hereof entitled "Termination for the Convenience of the Government" or the provisions of the clause hereof entitled "Default," whichever is applicable, subject to the following: (i) If this contract is terminated in its entirety at any time prior to agreement upon revised prices hereunder, the Contractor and the Contracting Officer shall, if the termination settlement is to be negotiated on an inventory basis, negotiate to establish such prices for completed articles and services, the price of which was subject to revision hereunder, as may be equitable under the circumstances. Failure to agree shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes." (ii) If this contract is partially terminated, the Contractor and the Contracting Officer shall agree upon such revisions in the provisions of this clause, including target price, as may be equitable under the circumstances. Failure to agree shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes."

9. Adjustment of Billing Price: If at any time it appears that the final unit price will be substantially greater or less than the unit prices at which units under this contract are being billed, this contract may be amended to adjust such unit billing prices. The establishment of adjusted prices for billing purposes only shall in no way limit or affect the price revision to be computed in accordance with the provisions of this clause.

of purchase orders, letters of authority or appendices, for the contract work hereunder, with appropriate notations to incorporate this contract by reference. The Government warrants that any such orders, letters or appendices, will be issued with proper authority and will constitute commitments by the Government equivalent to this contract.

## SECTION I - Price Redetermination

(1) General. The prices of items listed in the APPENDIX under this contract, except as otherwise indicated therein, are target prices until revised in accordance with the provisions of this clause and include a target profit of 7.6 percent of target cost. The parties agree that the target prices are a fair and reasonable negotiated price based upon estimates made in the light of the information available to the parties at the time of negotiation. Such target prices shall, however, be increased or decreased as provided in this clause..

(2) Submission of Data. Within ninety (90) days after the end of the month in which the Contractor has delivered the last unit referred to in the APPENDIX under this contract, or within such longer period as the Contracting Officer shall approve, the Contractor shall forward to the Contracting Officer (i) a statement of all costs itemized so far as practical in manner prescribed by the Contracting Officer incurred by the Contractor in performing all work under the items of this contract subject to price revision, which are chargeable thereto in accordance with sound accounting practices followed by the Contractor, and (ii) an estimate of costs of such further performance, if any, as may be necessary to complete performance of all work and obligations under such items. The Contractor may include as a separate item in the statement of costs to be submitted hereunder, an amount to be agreed upon by the Contractor and the Contracting Officer representing the difference between (i) the cost of materials, supplies, and subassemblies purchased for but not allocated to the performance of the contract by the Contractor which may be reasonably expected to remain on hand or which are on hand as surplus materials to the conclusion of the contract, and (ii) the value of such materials, supplies and subassemblies to the conclusion of the contract.

(3) Accounting Procedures. The Contractor agrees to maintain books, records, documents and other evidence pertaining to the costs and expenses of this contract, in accordance with generally accepted accounting principles and practices, and to the extent and in such detail as is necessary for establishment of costs applicable to the items of this contract that are subject to price revision. The Contractor shall segregate the costs of any item, change or service, the price of which is fixed and not subject to revision in accordance with the provisions of this clause.

(4) Certification. An officer or other responsible official of the Contractor authorized by it to do so, shall certify on each statement of costs forwarded to the Contracting Officer in accordance with the requirements of this clause, that the incurred costs are based upon the accounting records of the Contractor, that such records have been kept in accordance with generally accepted accounting principles and practices normally followed by the Contractor, that such incurred costs are correct to the best of his knowledge and belief and that the estimate of costs to complete performance is considered reasonable.

(5) Final Price Revision. Upon submission of the information required by paragraph (2) above, the Contractor and the Contracting Officer shall promptly establish a final contract price for the items subject to revision in accordance with the provisions of this clause in the following manner:

(1) On the basis of the information required by paragraph (2) above, together with the results of such other investigation, as the Contracting Officer may deem appropriate, there shall be established by negotiation the adjusted total contract cost, excluding the actual cost incurred to date of any item or service that has been established on a fixed price basis and the estimated completion cost thereof. This shall then be adjusted by deducting therefrom the aggregate amount of all increases in cost and adding thereto the aggregate amount of all decreases in cost, as provided for pursuant to the provisions of the clause of this contract entitled "CHANGES". Failure to agree, shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "DISPUTES".

(ii) The final contract price of such items shall be established by adding to the adjusted total contract cost, as negotiated under paragraph (i) above, an allowance for profit determined in accordance with the instructions set forth in paragraph (iii) below; provided, however, that in no event shall the final contract price exceed 113 percent of the contract target cost.

(iii) The allowance for profit with respect to such items shall be determined by adding to or deducting from the contract target profit an amount to be determined in accordance with the schedule appearing in the APPENDIX under this contract.

(6) Adjustment of Payments. The Contractor may bill and receive payment of the target prices upon delivery of any article or completion of services pending final price revision, although if at any time it appears that the final unit price will be substantially greater or less than the unit prices at which units under this contract are being billed, this contract may be amended

to adjust such unit billing prices. The establishment of adjusted prices for billing purposes only shall in no way limit or effect the price revision to be computed in accordance with the provisions of this clause. If the final contract price, as determined under paragraph (5) of this clause, is greater than the aggregate of payments for items subject to price revision, and provided the Contractor has met the other requirements of this contract, the Contractor shall promptly be paid the amount of such excess. If such final contract price is less than the aggregate of such payments, provisions shall be made for prompt reimbursement by the Contractor to the Government of the amount of the deficiency. The total amount so payable and the method of payment shall be set forth in an amendment to the contract.

(7) Termination. In the event this contract is terminated, in whole or in part, settlement shall be made in accordance with the provisions of the clause hereof entitled "Termination for the Convenience of the Government" or the provisions of the clause hereof entitled "DEFAULT", whichever is applicable, subject to the following: (i) If this contract is terminated in its entirety at any time prior to agreement upon revised prices hereunder, the Contractor and the Contracting Officer shall negotiate to establish such prices for completed articles and services, the price of which was subject to revision hereunder, as may be equitable under the circumstances. Failure to agree shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "DISPUTE".

(ii) If this contract is partially terminated, the Contractor and the Contracting Officer shall agree upon such revisions in the provisions of this clause, including target price, as may be equitable under the circumstances. Failure to agree shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "DISPUTES."

APPENDIX

This APPENDIX is a part of this contract.

PART 1 - LISTING OF ARTICLES AND SERVICES

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit</u>	<u>Unit Price</u>	<u>Amount</u>
1	(Describe articles or				
2	services to be fur-				
3	nished by Contractor.				
4	Indicate whether speci-				
etc.	fications or additional				
	description is attached				
	or reference to other				
	documents, including,				
	if necessary, any pro-				
	posals by Contractor)				

PART 2 - DELIVERY SCHEDULE

(Indicate target date for delivery of each of the items listed above and point of delivery.)

PART 3 - LISTING OF GOVERNMENT FURNISHED EQUIPMENT FURNISHED TO CONTRACTOR

(This can be a separate listing - noted as an attachment to this appendix.)

PART 4 - POINT OF INSPECTION AND ACCEPTANCE OF ITEM BY GOVERNMENT

(At Contractor's or Subcontractor's plant.)

PART 5 - PACKING OF ITEMS

(Overseas pack.)